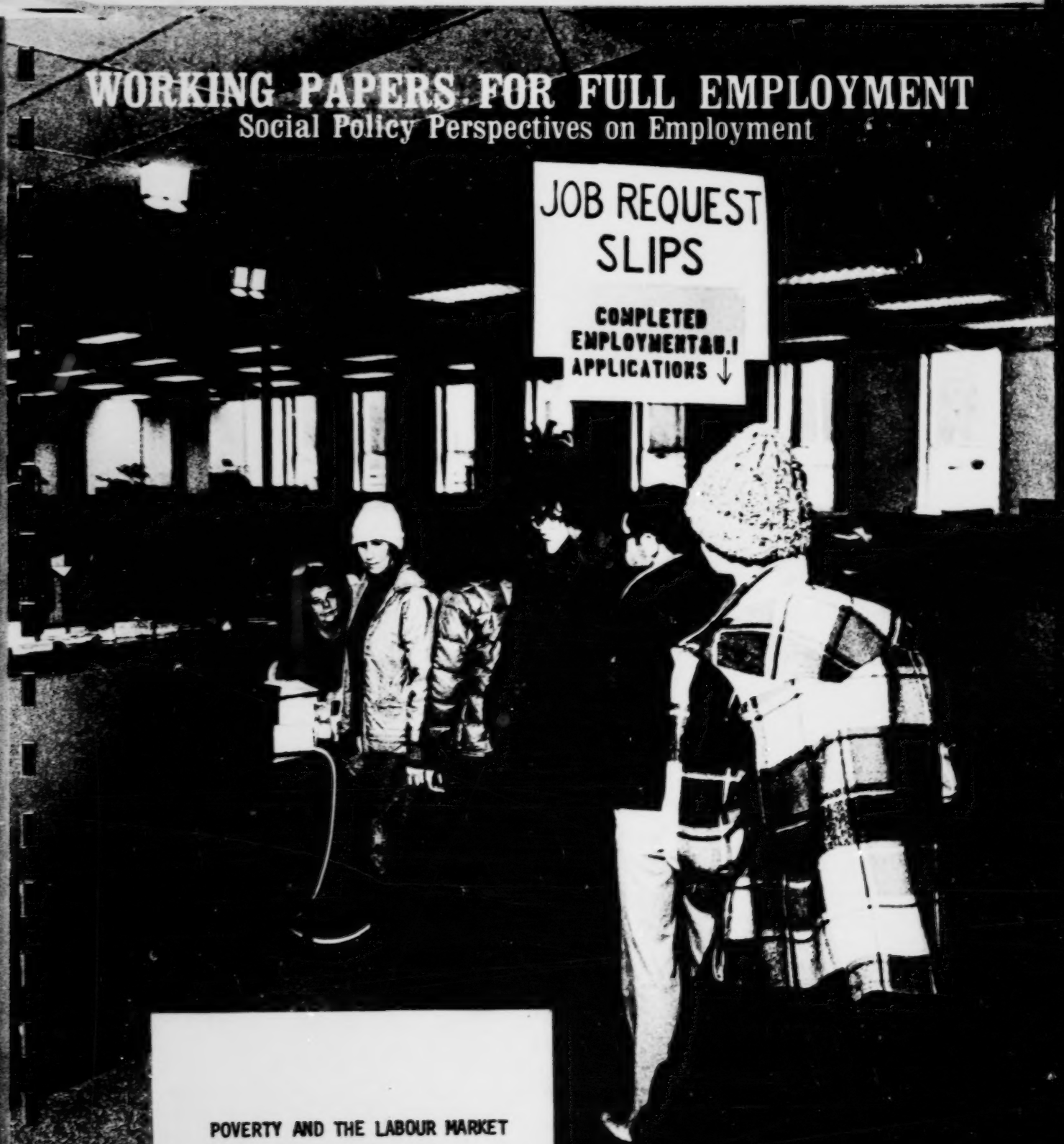
WORKING PAPERS FOR FULL EMPLOYMENT

Social Policy Perspectives on Employment



POVERTY AND THE LABOUR MARKET

Working Paper #4

SPC

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NCIL

WORKING PAPERS FOR FULL EMPLOYMENT

Social Policy Perspectives on Employment

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September 1981

Price: $8.00

SOCIAL PLANNING COUNCIL
OF METROPOLITAN TORONTO

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POVERTY AND THE LABOUR MARKET

Working Paper #4

ACKNOWLEDGEMENTS

The Social Planning Council of Metropolitan Toronto would like to acknowledge the support of Health and Welfare Canada's Welfare Grants program for this project. The views expressed in this report do not necessarily reflect the views of Health and Welfare Canada.

We wish to acknowledge the assistance of members of the project committee in reviewing and commenting on earlier drafts of this paper. They are Michael Mendelson, Michael Miloff, Peter Penz and Frank Reid.

Thank you also to Reinhold Johannes, Heather MacLean, Loren Simerl and Joan Wrigley, and other Social Planning Council staff without whose help this report would not have been possible.

Cover photo: Frank Rooney

TABLE OF CONTENTS

		Page No.
TABLE OF CONTENTS		
LIST OF TABLES AND FIGURES		i.
WORKING PAPERS FOR FULL EMPLOYMENT		v.
I.	INTRODUCTION	1
II.	METHODOLOGICAL APPROACH AND PROBLEMS	6
	a) How Should Poverty Be Measured?	6
	i) The Arbitrariness of Poverty Lines	6
	ii) Public Attitudes and Poverty	9
	iii) Statistics Canada's Poverty Lines	10
	iv) The Social Planning Council of Metropolitan Toronto's Family Budget Guides	12
	v) Relative Measures of Poverty	13
	vi) The Measure of Poverty and its Effect on the Measurement of Labour Force Attachment	13
	b) How Should Labour Force Attachment Be Defined?	14
	c) Who Should Be Included In a Study of Poverty and the Labour Market?	16
	d) What is the Appropriate Time Period?	18
	e) Data	19
	f) Conclusion on Methodology	20
III.	RESEARCH FINDINGS	22
	a) Sample and Definitions	22
	b) A Profile of the Poor	23
	c) Poverty and Labour Force Participation	26
	d) Poverty and Sources of Income	28
	e) Poverty and Weeks Worked	30
	f) Employability of the Poor	31
	g) The Characteristics of Poor Families	34

TABLE OF CONTENTS (continued)

		Page No.
h)	Poverty, Age, Sex and Education	37
i)	Ratio of Earners to Dependents	39
j)	Poverty, Employment, and Children	41
k)	Poverty and Unemployment	44
l)	Unemployment in Families	45
m)	Unemployment of Family Heads	46
n)	Poverty, Length and Frequency of Employment	47
o)	Unemployment and Occupation	49
p)	Poverty and Low Wages	50
q)	Wages of the Poor and Non-Poor	52
r)	Education and Wages	53
s)	Sex and Wages	56
t)	Sex and Education	57
u)	Age and Wages	57
v)	Occupation and Wages	59
IV.	THEORETICAL PERSPECTIVES	66
a)	Orthodox Theories of The Labour Market	66
b)	Segmentation/Dual Labour Market Theories of the Labour Market	70
V.	CONCLUSIONS AND POLICY IMPLICATIONS	76
APPENDIX I	- SOCIAL PLANNING COUNCIL MEASURES OF ADEQUACY	I

LIST OF TABLES AND FIGURES

		Page No.
Table 1	Poor and Non-Poor Family Units by Size of Area of Residence, Statistics Canada's LICOs and Social Planning Council's Budget Guides Urban Canada, 1977, (percent and number).....	23
Table 2	Poor and Non-Poor Family Units by Province, Statistics Canada's LICOs and Social Planning Council's Budget Guides, Urban Canada, 1977 (percent and number).....	24
Table 3	Poor Family Units as a Proportion of All Family Units for Canada and the Provinces, Statistics Canada's LICOs and Social Planning Council's Budget Guides, Urban Canada, 1977.....	25
Table 4	Poor and Non-Poor Family Units by Labour Force Participation, Statistics Canada's LICOs and Social Planning Council's Budget Guides, Urban Canada, 1977 (percent and number)	26
Table 5	Poor and Non-Poor Family Units by Labour Force Participation, Labour Force Population, Statistics Canada's LICOs and Social Planning Council's Budget Guides, Urban Canada, 1977 (percent and number).....	27
Table 6	Poor and Non-Poor Family Units by Percent of Family Income From Earnings, Labour Force Population, Urban Canada, 1977 (percent).....	28
Table 7	Average Amount Received from Source of Income, and Percent Reporting Any Income by Source for Poor and Non-Poor Family Units, Labour Force Population, Urban Canada, 1977.....	29
Table 8	Poor and Non-Poor Family Unit Heads by Number of Weeks Worked, Labour Force Population, Urban Canada, 1977 (percent).....	30

LIST OF TABLES AND FIGURES (page ii)

		Page No.
Table 9	Poor Family Unit Heads by Main Activity When Not in the Labour Force by Number of Weeks in the Labour Force, Labour Force Population, Urban Canada, 1977 (percent).....	32
Table 10	Poor Family Units by Characteristics of Families by Weeks Worked, Labour Force Population, Urban Canada, 1977 (percent within weeks worked categories).....	34
Table 11	Poor Family Units by Characteristics of Families by Weeks Worked, Labour Force Population, Urban Canada, 1977 (percent within family categories).....	36
Table 12	Poor and Non-Poor Family Unit Heads by Age, Labour Force Population, Urban Canada, 1977 (percent)....	38
Table 13	Poor and Non-Poor Family Unit Heads by Sex, Labour Force Population, Urban Canada, 1977.....	39
Table 14	Poor and Non-Poor Family Unit Heads by Education, Labour Force Population, Urban Canada, 1977 (percent)....	40
Table 15	Average Dependency Ratios for Poor and Non-Poor Family Units with at Least One Earner by Family Unit Size, Urban Canada, 1977 (percent).....	41
Table 16	Poor and Non-Poor Husband-Wife Families with Dependent Children by Age of Children, Labour Force Population, Urban Canada, 1977.....	42
Table 17	Poor and Non-Poor Husband-Wife Families by Whether the Wife Worked or Did Not Work Outside the Home by Age and Number of Children, Labour Force Population, Urban Canada, 1977 (percent within child and adequacy category).....	43
Table 18	Poor and Non-Poor Single Parent Families Headed by Women by Age of Children, Labour Force Population, Urban Canada, 1977 (percent).....	44

LIST OF TABLES AND FIGURES (page iii)

		Page No.
Table 19	Poor and Non-Poor Family Units with Labour Force Participants by Whether there was Any Unemployment in the Family Unit, Labour Force Population, Urban Canada, 1977 (percent).....	45
Table 20	Poor and Non-Poor Family Unit Heads by Experience of Unemployment, Labour Force Population, Urban Canada, 1977 (percent).....	46
Table 21	Poor and Non-Poor Family Units Where the Head Experienced Some Unemployment as a Percentage of Family Units Where at Least One Member Experienced Some Unemployment, Labour Force Population, Urban Canada, 1977 (percent).....	47
Table 22	Poor and Non-Poor Family Unit Heads Who Were in Families with at Least One Member in the Labour Force by Number of Weeks of Unemployment, Labour Force Population, Urban Canada, 1977 (percent).....	48
Table 23	Poor and Non-Poor Family Unit Heads Who Were in Families with at Least One Member in the Labour Force by Number of Stretches of Unemployment, Labour Force Population, Urban Canada, 1977 (percent).....	48
Table 24	Unemployment by Occupation of Family Heads, Labour Force Population, Urban Canada, 1977.....	49
Table 25	Poor and Non-Poor Family Unit Heads Who Worked by Whether they Worked Mostly Full-Time or Mostly Part-Time, Urban Canada, 1977 (percent)....	52
Table 26	Poor and Non-Poor Family Unit Heads Who Worked Mostly Full-Time by Estimated Weekly Wage Rates, Labour Force Population, Urban Canada, 1977 (percent).....	53
Table 27	Poor and Non-Poor Family Unit Heads by Estimated Weekly Wage Rates of Family Heads Who Worked Mostly Part-Time, Labour Force Population, Urban Canada, 1977 (percent).....	54

LIST OF TABLES AND FIGURES (page iv)

		Page No.
Table 28	Poor Family Unit Heads Who Worked Mostly Full-Time by Educational Level and Estimated Weekly Wage Rates, Labour Force Population, Urban Canada, 1977 (percent).....	55
Table 29	Non-Poor Family Unit Heads Who Worked Mostly Full-Time by Educational Level and Estimated Weekly Wage Rates, Labour Force Population, Urban Canada, 1977 (percent).....	55
Table 30	Family Unit Heads Who Worked Mostly Full-Time by Sex and Estimated Wage Rates, Labour Force Population, Urban Canada, 1977 (percent).....	56
Table 31	Male and Female Family Unit Heads by Education, Labour Force Population, Urban Canada, 1977 (percent).....	58
Table 32	Family Unit Heads Who Worked Mostly Full-Time by Age and Estimated Weekly Wages, Labour Force Population, Urban Canada, 1977 (percent).....	58
Table 33	Poor and Non-Poor Family Unit Heads Who Worked Mostly Full-Time by Occupation, Labour Force Population, Urtan Canada, 1977 (percent).....	60
Table 34	Poor and Non-Poor Family Unit Heads Who Worked Mostly Part-Time by Occupation, Labour Force Population, Urban Canada, 1977 (percent).....	61
Table 35	Percentage of Poor Family Unit Heads Who Worked Mostly Full-Time in Each Occupation, Labour Force Population, Urban Canada, 1977.....	62
Table 36	Poor and Non-Poor Family Unit Heads Employed in Service and Clerical Occupations by Wage Rates, Labour Force Population, Urban Canada, 1977.....	63
Figure I	A Profile of Poverty and the Labour Market in Canada.....	78

WORKING PAPERS FOR FULL EMPLOYMENT
Social Policy Perspectives on Employment

Several years ago the Social Planning Council of Metropolitan Toronto undertook a general formulation of principles to guide social policy into the future. Called "Aiming at the Eighties", it affirmed in principle the need for "full employment" as a social requirement and as an urgent priority. "Full employment" was defined as a sufficient number of jobs for all persons desiring the opportunity to work. Access to satisfying and remunerative employment was viewed as an essential condition for social well-being. Unemployment and problems in employment were believed linked to the persistence of social problems and the maintenance of income inequality.

The Social Planning Council of Metropolitan Toronto believes that income and employment security continue to be social policy and planning priorities. Secure employment opportunities are the only potentially effective means of guaranteeing income equality and security.

"Working Papers for Full Employment" is a series of occasional papers seeking to illuminate problems in employment and unemployment in Metropolitan Toronto. As working papers they are designed to introduce and analyse important data, review research, raise issues and present policy options in an effort to stimulate open discussion on how to achieve a state of full employment. Their purpose is to contribute to informed discussion and decision making on a variety of issues in employment research, analysis, and planning.

If their wickedness is beyond measure, then
So is their poverty. Not the Wickedness of the poor
Have you shown me, but
The poverty of the poor.
You've shown the evil of the poor to me:
Now see the woes of evil poverty.
O thoughtless rumor, that the poor are base:
You shall be silenced by their stricken face!

Säint Joan of the Stockyards
Bertolt Brecht

1 INTRODUCTION

Consider a hypothetical family: Ernesto and Maria and their two pre-school children. In 1977 their total family income was $10,000. Maria stayed home to take care of the children and Ernesto worked as an inventory clerk in a supermarket. They paid $320. a month rent for a modest three bedroom apartment in Toronto and had little money left over from basic necessities for extras like movies and vacations.

Consider a hypothetical single mother: Linda has three children. Linda was on mother's allowance most of the year in 1977 but she did manage to get a job for several months until she was laid off. She collected unemployment insurance for the rest of the year and then went back on welfare because she couldn't find a job. Linda's total income for the year was $9,000., most of which was spent on rent, food, and clothes for herself and her children.

Consider a hypothetical individual: Louisa worked as a waitress for most of 1977 and made $5,500. Some weeks she worked full-time but most of the time she worked part-time. She was not covered by minimum wage legislation and relied on tips for most of her income. She lived in a small apartment by herself in Toronto.

Some would say that Ernesto and Maria, Linda and Louisa are poor, and some would not. The Social Planning Council of Metropolitan Toronto would label them poor. Statistics Canada would not. Some analysts of poverty would say that Ernesto and Maria, Linda and Louisa were not well off because they lacked the skills or motivation to find well paying jobs. Other analysts would say that our hypothetical families and individuals were poor because there are not enough good jobs available to them.

Poverty is real in Canada. There are 1.6 million families and individuals living in poverty in urban centres in this country. Depending on what measure of low income is used, anywhere between 15 and 25 percent of all Canadian families and individuals are poor.

This paper is about the labels "poor" and "non-poor" and how they get attached to people by those who analyse the problem of poverty. The paper also attempts to discern the relationship between poverty and work, and to describe several competing theories of this relationship.

A central issue in the study of poverty is the extent to which low income or poverty is associated with the labour market difficulties experienced by certain groups. Different researchers have tended to place greater or lesser emphasis on the importance of the labour market. For example, in a study prepared by Smith, Cloutier, and Henderson for the Economic Council of Canada it was concluded that the "majority of the poor are not attached to the labour force" and that "the real problem of financial hardship tends to be concentrated among these 'non-participant' family units".[1] They also concluded that while to a much lesser extent poverty could be explained by reference to the low wages of labour force participants and unfavourable family circumstances, it could not be related to 'unemployment'.

The notion that poverty in Canada is primarily a problem of a distinct class of people who have no attachment to the labour market has been explicitly rejected by other researchers. The National Council of Welfare forcefully concluded that "no myth about poverty is as persistent and widely held as the belief that the poor do not work".[2] Using the same data base as researchers for the

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[1] A Time for Reason, Fifteenth Annual Review, Economic Council of Canada, 1978, pp. 92 and 97.

and

A.M. Smith, J.E. Cloutier, and E.W. Henderson, Poverty and Government Income Support in Canada, 1971-1975: Characteristics of the Low Income Population, Discussion Paper No. 130, Ottawa: Economic Council of Canada, 1979, p. 18.

[2] National Council of Welfare, The Working Poor: A Statistical Profile, Ottawa, 1977, p. 1 .

Economic Council, the National Welfare Council found that 60% of Canada's poor derive the greatest part of their income from earnings and that the low incomes of the working poor could be related to the fact that they earned low wages and that their involvement in the labour force is less stable and less secure than the non-poor's.

Policies to alleviate poverty in Canada have not been successful. Using a relative notion of poverty,[3] the proportion of the Canadian population who live in poverty has remained constant since the late 1960's when the initial Canadian consciousness about poverty was developed.[4] Another way of judging the effectiveness of social policies to alleviate poverty is to look at the distribution of income. Over the past thirty years the percentage of income received by the bottom 20% of Canadian families and unattached individuals has actually dropped from 4.4% to 3.9%.[5]

During this time improvements have been made to the income security network in Canada. In the early seventies the unemployment insurance program was significantly improved; in the mid sixties the Canada/Quebec Pension Plan was adopted; and in the late sixties the Canada Assistance Plan enriched welfare benefits provided by the provinces. As important as these developments have been, they have not made a significant dent in the level of poverty in Canada. They have not recognized the failures of the labour market and how the difficulties people experience in their work, or in the process of finding work, contribute to their poverty.

The labour market relatedness of poverty has been acknowledged. During the early part of the 1970's the federal government initiated the lengthy federal-provincial Income Security Review. One of the purposes of the review was to develop an effective income security safety net that would protect both

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[3] See section II a, How Should Poverty Be Measured?

[4] David Ross, The Working Poor. Lorimer, Toronto, 1981, p. 6.

[5] Ibid.

the working and the non-working poor. Efforts to achieve federal provincial consensus on an income supplementation plan floundered in the wake of conflicting perspectives on the problem and government expenditure restraint.

Little attention has been given to the relationship between the labour market and poverty since then. The purpose of this study is to provide empirical evidence for a greater emphasis on labour market variables in the determination of poverty. It is also intended to investigate some of the methodological problems in the measurement and analysis of poverty and to show how different resolutions to these problems will provide different results justifying one emphasis or another.

The first part of the study deals primarily with alternative ways of conceptualizing and measuring poverty. It provides justification for the use of a measure of poverty that is different from the most commonly used Low-Income-Cutoff of Statistics Canada. The second part of the study presents research findings from an analysis of Statistics Canada's Survey of Consumer Finances micro data tape. It provides a profile of the population in poverty and an analysis of low income and of its relationship to unemployment and low wages. The final section of the paper presents some theoretical perspectives on poverty and its relationship to the labour market. Here issues related to wage income determination, the distribution of wage income among workers, and differential access to employment opportunities will be dealt with briefly in order to see how different policy emphasis result from the observance of the same phenomena.

Given the failure to alleviate poverty in Canada through improved income security policies, our underlying purpose is to investigate whether there is evidence for shifting our emphasis in anti-poverty policy to those institutional factors in the labour market that contribute to poverty; an inequitable wage system, discrimination, unemployment, and a segmented occupational structure.

II METHODOLOGICAL APPROACH AND PROBLEMS

a) How Should Poverty Be Measured?

i) The Arbitrariness of Poverty Lines. Inevitably the first problem that arises in any analysis of poverty is what is meant by poverty. There are several different definitions of poverty and several different methods of measuring poverty. Most of these definitions have been stated in terms of minimum levels of monetary income required by families to purchase a range of goods and services that would ensure an adequate standard of living. However, despite the efforts of social scientists, and the adoption of "official" poverty lines by many governments, no unequivocal standard of poverty exists.

The two most frequently used methods of deriving a measure of poverty have been: the measurement of income inadequacy and the measurement of income inequality.[6] The definition of poverty as a problem of income inadequacy involves specifying the level of income that would be required by a family to meet its needs. Required incomes have been calculated in a number of ways. Complete lists of necessary goods and services have been compiled and priced to yield hypothetical family budgets outlining "how much it costs to live" by minimum expenditures for different needs such as food, shelter, clothing, health care, transportation and so on.

An alternative approach to specifying income inadequacy has been to establish poverty lines only with reference to certain budgetary items. For example, poverty lines have been defined as three times the amount of money that is needed to purchase a nutritionally adequate diet.[7]

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[6] Social Planning Council of Metropolitan Toronto, A Background Paper of Adequacy in Social Allowances and Income Generally, Toronto, 1976, p. 5.

[7] D.K. Applebaum, "The Level of the Poverty Line", Social Service Review, September, 1977, p. 516.

The definition of poverty as a problem of income inequality makes no attempt to specify the cost of necessary goods and services. Rather, poverty line incomes are calculated in relation to the distribution of income within society. For example, families may be classed as poor if their incomes fall below 50% of average or median family income. Since poverty lines based on income inequality are generally specified as some proportion of average income, the incidence of poverty over time only expands or contracts depending upon changes in the distribution of income.

There is, however, no "correct" or "best" method for defining a precise level of poverty. After eighty or more years of formulating poverty lines, we are no closer to inventing some ideal tool for measurement than Booth or Rowntree, two late-nineteenth-century pioneers in the study of poverty. Poverty is real. However, we are obliged to acknowledge that any particular choice of a measure of poverty is in the final analysis arbitrary.

The fact that the concept of poverty has defied precise measurement does not indicate that the principles and methods of social science research are at fault. What is clear is that "scientific measurement" by itself is inappropriate for dealing with problems such as poverty which do not arise solely from objective external conditions. Poverty must be acknowledged as a value judgment, which like beauty, lies neither totally in the eye of the beholder nor in what is beheld. Such concepts embrace both the subjective and the objective and, in this manner are always relative.

The definition of poverty as a relative concept can be contrasted with a concept that specifies "absolute minimums" or "subsistence" levels of living. The relative concept reflects the knowledge that all human needs are interpreted through cultural values and societal attitudes. For example,

even such a "basic" need as dietary requirements can be fulfilled in many ways. A diet which would be regarded as adequate in one cultural setting might be judged as being entirely unsatisfactory in another, not only with respect to nutrient levels but also with reference to the foods that are selected to fulfill dietary needs.

The context in which any definition of poverty is formulated, therefore, is extremely important since such definitions are conditioned by the "style of living" that characterizes the majority of society. The definition of poverty offered by Townsend elucidates the relative nature of poverty particularly well:

> "Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diets, participate in the activities and have the living (and working) conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong."8

As this definition of poverty implies, the "style of living" which is generally shared in a society needs to be considered in conjunction with the designation of any level of income or resources below which families find it difficult to participate in customary activities.[9] Defining poverty in a relative manner does not eliminate value judgments. Decisions have to be made about the level of relative deprivation that ought to be designated as defining poverty or low income. Such decisions are common to all definitions of poverty and constitute another aspect of the concept of poverty that is relative to the context in which definitions are formulated. A key factor that conditions the level of deprivation that is equated with poverty lies in attitudes towards those members of society who for some reason or another are not able to attain an average standard of living.

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8 Peter Townsend, Poverty in the United Kingdom, University of California Press, Berkeley, 1979.

9 Ibid. p. 60.

These attitudes involve judgments about the standard of living to which the poor are entitled.

ii) Public Attitudes and Poverty. Opinion polls have found that public perceptions of the minimum needed for a family to "get along" usually are substantially higher than what the public regards as justifiable assistance to the same families.[10] Similarly, such estimates of required income usually exceed "official" or state poverty lines. For example, an opinion poll in 1970 found that most Canadians thought that a family of four required a minimum income of $6,500, a figure which represented about two-thirds of average family income. The comparable official poverty line of Statistics was $4,500, or 69% of the minimum income estimated by the public.[11] Social allowances in 1970 would have provided incomes still further below the public's estimate.

Discrepancies between official poverty lines and the public's estimate of minimum income requirements may be interpreted as an indication of the extent to which a downward bias results when attitudes about "what the poor deserve" are taken into account. These attitudes may not be personally held by the formulators of poverty lines but unavoidably come into play as an attempt is made to present income estimates which are "socially and politically credible".[12] Poverty lines, then, are not simply based on some identifiable set of living conditions which are deemed acceptable. They also mirror societal attitudes towards the disadvantaged, perhaps most notably the attitude that the poor are responsible for their own circumstances (i.e. the public "owes" them little, if anything).

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10 L. Rainwater, "Economic Inequality and the Credit Income Tax", Working Papers for a New Society, 1,1, 1973, pp. 50-61, cited in T. Vietorisz, R. Mier and B. Harrison, "Full Employment at Living Wages", Annals, AAPSS, March, 1975, p. 96.

11 I. Adams, W. Cameron, B. Hill, and P. Penz, The Real Poverty Report, Edmonton, M.G. Hurtig Limited, 1971, p. 13.

12 M. Orshansky, "How Poverty is Measured", Monthly Labour Review, February 1969, cited in Townsend, p. 37.

iii) Statistics Canada's Poverty Lines. The fact that no unequivocal standard of poverty exists presents a difficulty for any study that tries to focus on the low-income population. Most Canadian studies have used the poverty lines or Low Income Cutoffs (LICOs) determined by Statistics Canada. Both of the previously mentioned studies published by the Economic Council of Canada and the National Council of Welfare used Statistics Canada's LICOs.

Statistics Canada first established poverty lines in 1961. The LICOs were based on the size of ratios of family expenditures on food, shelter and clothing to income at different income levels. This approach was based on the fact that the proportion of income that is spent on food, shelter and clothing rises as income declines. The average proportion of expenditures for "basic necessities" was found to be 50%. Families which spent 70% of their income on food, clothing and shelter were arbitrarily judged by Statistics Canada to be experiencing financial hardship. The income levels at which the 70% ratio appeared were then designated as the poverty lines for each family size.

Statistics Canada's LICOs were revised in 1973 to take into account changes in expenditure patterns. Results from a survey conducted in 1969 indicated that the average expenditure for basic necessities had dropped to 42% of income. Thus the poverty lines were adjusted so that they corresponded to income levels where 62% of income was spent on food, clothing and shelter. The poverty lines have been updated annually since 1973 using the Consumer Price Index.

Statistics Canada's LICOs have been widely used, usually with the justification that they represent the federal government's definition of poverty and, thus, represent an "operational" standard. While this rationale for using Statistics Canada's LICOs is to some extent understandable, it does not necessarily follow that researchers ought to rely exclusively on the premises of the federal government. Statistics Canada's LICOs may have been "legitimated" by their widespread usage and acceptance by government. But they are not immune to criticism.

One of the most often cited criticisms of Statistics Canada's LICOs is the absence of any clear explanation for designating poverty as occurring at the specific point when 62% or more of income is spent on basic necessities. The 62% figure was derived from the fact that the average Canadian family in 1969 spent 42% of income on food, clothing and shelter, but it appears that any other figure, either lower or higher, could have been chosen just as easily. The problem here is that the LICOs are not directly related to any identifiable level of living which might be further examined. The result is "statistical poverty" rather than any identification of a set of living conditions and the ways in which those conditions are different from the standard of living enjoyed by most Canadians.

Obviously the poor are seen as spending far less on "non-essentials" than the rest of society. While a much greater proportion of income is allocated for basic necessities, the actual dollar amounts spent by the poor can be expected to be much lower than average Canadian expenditures. Thus, the poor would only be able to afford housing, food and shelter that fall below that quantity and quality of these items that the majority of Canadians are able to purchase. But how far below is a question that cannot be answered. Statistics Canada then, in specifying poverty lines only on the basis of data on expenditure patterns, has not identified the actual level of deprivation that would be considered "poor" according to its definition. This information cannot be deduced from the methodology except in very general terms.

Statistics Canada's method of deriving poverty lines does acknowledge that poverty is always relative to a society's average standard of living, but as was explained above, differences in standards of living between the majority of Canadians and those labelled poor are not known. This failure becomes important in attempting to measure changes in the extent of

poverty over time. In the absence of any identification of actual living conditions, it can only be assumed that living standards which are associated with poverty are now further below average Canadian living standards than they were in 1973, when Statistics Canada's LICOs were revised, or in 1969, when the expenditure data upon which the revised LICOs are derived was gathered. This assumption stems from the fact that the LICOs have been updated using the Consumer Price Index, while Canadian incomes on the average over most of the past decade have been rising faster than the rate of inflation. It is not surprising then that the percentage of families considered poor according to Statistics Canada has declined and will most likely continue to decline until poverty lines are recalculated to take increases in average living standards into account.

iv) The Social Planning Council of Metropolitan Toronto's Family Budget Guides.

The Social Planning Council of Metropolitan Toronto has developed a standard based on the concept of adequacy. These "budget guides" are based on the cost of purchasing a "basket of goods and services" that would provide a family with a standard of living sufficiently above the subsistence level to ensure good health and a sense of self respect, but below any level that could be called luxurious.[13] Clearly, the Social Planning Council's guides are also fraught with value judgments, but they do document how the specified incomes could be allocated to purchasing various necessities and are related to current costs and consumer expenditures. The Social Planning Council's (SPC's) guides have generally resulted in income levels that are slightly above the Statistics Canada LICOs, although the proportion of income allocated to food, shelter and clothing roughly approximates the Statistics Canada standard of about 60% of total income.

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[13] Guides for Family Budgeting, Social Planning Council of Metropolitan Toronto, 1981.

Poverty lines based on the concept of adequacy may or may not be evaluated as useful measures of financial hardship depending on how judgments are made with respect to defining "the necessities of life" and the amount of income that is in fact needed to buy them. This approach to defining poverty, however, is not directly related to questions concerning the distribution of income throughout society or the definition of hardship in relative terms. Thus, while "absolute" measures of poverty may permit an assessment of the inadequacy of certain income levels, they do not address the inequality of income distribution.

v) Relative Measures of Poverty. Other measures of poverty have been devised with this in mind. The Special Senate Committee on Poverty, the Canadian Council on Social Development and the authors of the Real Poverty Report have formulated poverty lines that are tied to the average Canadian family income. These poverty lines are stated in terms of percentage, usually 50 to 55%, of average family income.

vi) The Measure of Poverty and its Effect on Labour Force Attachment.

Determining which poverty line works best depends upon the objectives that researchers and policy-makers are pursuing. For example, some definitions of low income have been specified in relation to the functioning of hypothetical income support and supplementation programs, while others such as the SPC's guides are used for counselling families on money management. The problem which arises in reviewing previous studies that have focussed on poverty and in formulating a research strategy for any study is to determine which system of income cutoffs is most appropriate for examining relationships between low income and the labour market.

Are Statistics Canada's LICOs, which many people think project incomes that are extremely inadequate, suitable for distinguishing linkages between labour force participation and financial hardship? Using the Statistics Canada poverty lines might result in the exclusion of a substantial number

of families who have significant labour force attachment but who fall into an income category that might be termed "near poverty". Taking into account their employment expenses, as well as their ineligibility for a range of assistance programs and subsidies (e.g. for housing and medical/dental expenses), these low income earners may in fact be no better off in terms of living standards than "the other poor" or "the welfare poor". These preliminary observations suggest that studying the labour market relatedness of poverty might begin with an assessment of the different effects measured using a range of poverty lines. Unfortunately there is little information on the full range of costs and benefits associated with employment or, alternatively, primary reliance upon social security and other assistance benefits. As Townsend has pointed out, the measurement of poverty is really incomplete without an examination of several types of resources aside from just earnings or cash incomes. His list of major groups of resources that might be assessed includes: cash income, capital assets, value of employment benefits, value of public social services, and private income in kind.[14] This information problem cannot be overcome with existing Canadian data sources but should be borne in mind in interpreting research findings.

b) How Should Labour Force Attachment Be Defined?

Another major methodological concern that arises in studying the relationship between low income and the labour market is the issue of how labour force attachment might be measured. Two basic approaches have been used: the measurement of earnings from income and the measurement of time in the labour force (either employed or unemployed). Both of these approaches have drawbacks.

In the National Council of Welfare study there was an interest in giving some precise definition to a group that has often been called the "working poor". They defined the working poor as "any economic family whose

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[14] Townsend, op.cit. pp. 88-89.

income is below Statistics Canada's revised line and who earned more than half of that income from wages and salaries or from self-employment".[15] Thus, the working poor were defined as families and single people who obtained at least 50% of their incomes from employment. As in the definition of poverty there is a problem here in the arbitrary nature of a cut-off that specified 50% as the limit of income from earnings to define one's relationship to the labour market. Why is 50% the appropriate cut-off? Why not 40% or even 10%? If someone had suffered from chronic unemployment for a long period in one year they might legitimately still be considered the "working poor"; their poverty is most certainly related to the labour market.

The alternative approach of measuring time in the labour force was used in the study by the Economic Council of Canada referred to earlier.[16] Families were classed as participant units if any member had worked or looked for work in the previous year. Other studies aimed at assessing labour market related hardship have set up more stringent requirements. For example, the U.S. Bureau of Labour Statistics has favoured a six-month attachment period in calculating the effect of labour market difficulties on income, while a comparable attempt by Statistics Canada used a fifty to fifty-two week criterion.[17,18] All of these studies acknowledge that choosing a specific number of weeks in the labour force, whether it is one or fifty-two, is a difficult and arbitrary choice.

Both approaches have validity and ought to be incorporated into a study of low income and employment. The problem is one of determining if any criteria should be set and if it is possible or useful to devise any composite measures.

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[15] National Council of Welfare, op. cit., p. 2.

[16] Smith, Cloutier and Henderson, op. cit.

[17] R.L. Stein, A New Index of Low Earnings, Discussion Paper, Washington: Bureau of Labour Statistics, 1974.

[18] Statistics Canada, "An Indicator of Labour Market Related Economic Hardship", supplement to The Labour Force, Catalogue 71-001, November, 1977.

c) Who Should Be Included In a Study of Poverty and the Labour Market?

This methodological concern has two aspects: whose income ought to be considered in calculating family resources, and whether or not certain population groups should be excluded on the assumption that their hardship is not labour market related.

The problem of deciding whose income ought to be considered has been handled in different ways in previous studies. Some have argued that the individual who has the highest earnings should be selected from each family and that only this individual's income and employment history ought to be analyzed. This approach rests on the assumption that a "primary breadwinner" should be able to support a family at some minimally acceptable level and that the labour force participation of "secondary earners" is acceptable but they should not be "forced" into paid employment because of family hardship.[19]

Other studies have used family income as the unit of analysis on the assumption that the combined income of all earners gives a more accurate picture of the financial resources over which individuals have command.[20] This approach makes no judgments about whether or not secondary earners have in fact been forced into employment nor does it explicitly make a comment on whether or not families ought to be able to live on one salary. Rather, the use of family income acknowledges that the number of multi-earner families has increased in all income groups and that counting only the income of the primary breadwinner may distort and overstate the extent of financial hardship.

In a study of relationships between low income and labour force participation it may be more appropriate to use family income as the unit of analysis but to include a breakdown of number of earners per family by

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[19] Ibid. p. 59.

[20] See for example: Smith, Cloutier and Henderson, op. cit., p. 6.

income groups. Previous research suggests that the working poor's situation can be explained to some extent by the fact that these families largely depend upon the earnings of one member. For example, the National Council of Welfare found that 70% of two-parent families classed as working poor have only one earner while the comparable figure for the non-poor was 37%.[21]

The exclusion of certain population groups on the grounds that their hardship is not likely to be related to the labour market has also been handled differently by various researchers. Studies that have been mainly concerned with labour force participation by the poor have tended to exclude families whose heads are 65 years or over, and under 21 years of age.[22,23] The justification for these exclusions is that the old and the very young have distinct problems which are different from those of the middle age groups such as inadequate pensions and early career entry problems.

Other studies have included all age groups.[24] It appears that the objectives of these studies were broader in scope: they attempted to establish the correlates of poverty in general, rather than being specifically concerned with the problems of certain groups or the problems of the labour market. However, the inclusion of all age groups, particularly those 65 years of age and over who comprise about one third of Canada's poor and have little labour force attachment, does tend to skew results when they are expressed in percentages.

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[21] National Council of Welfare, op. cit., p. 25.

[22] Ibid. p. 2 and; Policy Research and Long Range Planning Branch (Welfare), Characteristics of the Working Poor in Canada, Social Security Research Report No. 1, Ottawa: Health and Welfare Canada, 1976, p. 2.

[23] Harrison, "Welfare Payments and the Reproduction of Low-Wage Workers and Secondary Jobs", The Review of Radical Political Economics, Summer, 1979, p. 2.; Statistics Canada, "An Indication of Labour Market Related Hardship", op. cit., p. 60.

[24] Smith, Cloutier, Henderson, op. cit.

Studies aimed at examining the links between low income and employment might incorporate aspects of both approaches by providing a breakdown of the incidence of poverty by age groups and then concentrating more detailed analysis on those families whose head and/or spouse has some labour force attachment.

d) What is the Appropriate Time Period?

Canadian studies of low income have generally been confined to using data that measure sources of income and labour force attachment over a period of one year. This time period has not been selected by conscious choice but is a function of the information that is available.

Some American research suggests that reliance upon data for one year periods leads to erroneous conclusions about the labour force participation of the poor. One study that used data collected over five successive years found that 92% of those households in the sample (n=5,060) that ever received welfare also had some earnings. On an annual basis, the figure ranged from 43% to 69%.[25] This study refutes the argument that there exists a distinct "welfare class" of people who are unable or unwilling to work and who must be supported by social programs.

Assessments of the number of "employable" persons who are welfare recipients at any given point in time suggest that similar results would be found in Canada if better longitudinal data were available. For example, in Metropolitan Toronto about 10,000 of the municipalities' 24,500 welfare recipients are classified as "employable".[26] Similarly, it was recently estimated that 150,000 of Quebec's 500,000 welfare recipients are able to work.[27] Presumably, these "employables" have worked in the past and will work again in the future.

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25 Harrison, op. cit., pp. 3,4.

26 "Welfare Cases Increase by 2,500 in Month", The Globe and Mail, February 9, 1980, p. 5.

27 "Jobs Plan for Welfare Recipients", Toronto Star, September 18, 1980, p. A6.

The turn-over in welfare caseloads and the fact that a significant number of welfare recipients are employable obviously does not mean that there are not any groups who have no alternative but to depend upon several forms of government transfer payments. But it does appear that the size of these groups may have been over-estimated in Canadian research, and that as a consequence the significance of labour market difficulties in contributing to low income has been underplayed.

Other research has indicated that a "static" view of the working poor may be just as inappropriate as seeing "the welfare poor" as a group whose status does not change over time. For example, a study conducted by Health and Welfare Canada found that only 48.1% of the people in a very low income group in 1972 remained in that group in 1973.[28] This research raises questions about the characteristics of those workers who improve their earnings over time and the role of unemployment, not only in interrupting earnings, but also in inhibiting upward job mobility.

e) Data

Statistics Canada's Survey of Consumer Finances (SCF) is the only available source of recent data in Canada linking income and labour force participation. The survey is designed to meet the general objective of providing good income data. Like the Labour Force Survey, which was designed to yield general economic indicators such as the unemployment rate, SCF data are deficient for the purposes of more detailed research. With respect to studying relationships between low income and labour force participation, some key deficiencies include:

i) Data are only collected for a period of one year;
ii) No information is available about accessibility to a range of resources that could influence income adequacy (e.g. housing subsidies, sickness benefits from employers);

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[28] Cited in Ross, op. cit., p. 21.

iii) Variables that would help to explain the reasons for unemployment or labour force withdrawal are not included (e.g. job leaving versus job losing, withdrawal due to discouraged worker effect, illness, child care responsibilities);

iv) Occupational classifications are very broad and not useful for detailed analysis;

v) Although data on industry attachment are collected in the survey, they are not included in the macro data tape because they are not deemed useful;

vi) Wage rates have not been recorded;

vii) Respondents' use of government-sponsored manpower services or programs has not been recorded; and

viii) Other than a distinction between full and part-time work, there is no information on the characteristics of respondents' jobs.

f) Conclusion on Methodology

A study of low income and the labour market could take several forms. Moreover, findings can be interpreted in different ways depending upon the biases that are introduced, often implicitly, by researchers. Research in the social sciences is not value free. Value assumptions and pre-conceived policy positions permeate all stages of research on poverty.

Methodological choices can significantly alter interpretations of data simply because of the different size and characteristics of the populations identified as a result of these choices. We should not unquestionably accept the "official" poverty line of Statistics Canada in undertaking poverty research because it is, at bottom, an arbitrary choice that suits the needs of government to keep poverty defined as low as possible.

We should investigate a range of specific cutoff points to measure attachment to the labour force since this will ultimately determine the size of the population found to have a labour market related poverty. This will in turn determine the degree of emphasis placed on policies to improve income security measures or the labour market.

III RESEARCH AND FINDINGS

i) Sample and Definitions:

The Survey of Consumer Finances Micro Data Tape "1977 incomes-economic families" has been used as the data source for this study. This tape contains a sample of 37,109 family units across Canada. Family units are families and unattached individuals combined. An economic family is defined as a group of individuals sharing a common dwelling unit who are related by blood, marriage or adoption. A person living alone or rooming in a household where he/she is not related to any other household member is called an "unattached individual" and is treated as an economic family unit by him/herself. Heads of families on the micro data tape are male heads of households where there are both males and females. In order to avoid the sex bias inherent in this definition, for the purpose of this study the head of household concept was redefined to mean the person in the household with the highest income.

Because we are interested in poverty and its relationship to the labour market we have excluded from this sample all families and individuals residing in rural Canada and in centres with less than 1,000 population. Rural residents are likely to have distinct patterns of attachment to the labour market. They are likely to be more seasonal in character and related to resource based industries. Also the standard of poverty has less meaning in rural areas when used as a discrete income measure because of the existence of income in kind and the barter economy. This exclusion reduced the sample by 11,010 to 26,099 families and unattached individuals. The weighted sample is reduced from 8,157,690 families and individuals to 6,823,600 for non-rural areas only. We refer to this sample as "Urban Canada".

Attachments to the labour force are of two types: a family member may have been in the labour force in which case he/she may have been employed or unemployed, or a family member may have worked in which case he/she would have been in the labour force but not unemployed.

Measures of poverty include the Statistics Canada LICO and the Social Planning Council's Budget Guides. While the Budget Guides are not strictly "poverty" lines, we have adopted this terminology here and throughout the report for reasons of simplicity. Because the SPC Budget Guides were intended as a measure of income standards only for Toronto they required modification and adaptation in order to make them conform to different family sizes and different areas of residence. Details on the weighting procedures and recalculations are included in Appendix I.

b) A Profile of the Poor

There are 1,617,400 poor family units in Urban Canada if the SPC adequacy lines are used to measure poverty (Table 1). This drops to 1,202,710 family units when the Statistics Canada LICOs are used (Table 1). A breakdown by size of area of residence shows that there is a slight tendency for the poor to be concentrated in smaller urban areas. The use of the SPC adequacy line to measure poverty exaggerated this tendency even further. The majority of poor family units are in urban centres with a population of 100,000 or more.

Table 1

Poor and Non-Poor Family Units by Size of Area of Residence
Statistics Canada's LICOs and Social Planning Council's Budget Guides
Urban Canada, 1977, (percent and number)

Size of Area of Residence	Below Statscan LICOs	Below SPC Adequacy Lines	Above Statscan LICOs	Above SPC Adequacy Lines
100,000 + population	68.4 (822,180)	67.8 (1,097,240)	70.3 (3,898,450)	70.7 (3,623,390)
30,000-99,999 population	9.4 (113,530)	9.2 (148,980)	8.5 (470,320)	8.5 (434,870)
15,000-29,999	7.7 (93,030)	7.7 (124,890)	8.0 (443,810)	8.0 (411,950)
1,000-14,999	14.5 (173,970)	15.2 (246,290)	13.2 (730,310)	12.8 (657,990)
Total	100.0 (1,202,710)	100.0 (1,617,400)	100.0 (5,542,890)	100.0 (5,128,200)

A profile of the poor and non-poor population by province shows Ontario to have 34.8% of all poor family units in Canada when the SPC lines are used. This increases slightly to 35.2% when the Statistics Canada LICOs are used (Table 2). The actual number of poor family units in urban Ontario is 562,980 or 343,700 using the SPC line and the Statistics Canada line respectively. This represents an increase in the estimated number of family units in poverty in Ontario of 40% if the SPC adequacy line is used rather than the Statistics Canada LICO.

Table 2

Poor and Non-Poor Family Units by Province
Statistics Canada's LICOs and Social Planning Council's Budget Guides
Urban Canada, 1977 (percent and number)

Province	Below Statscan LICOs	Below SPC Adequacy Lines	Above Statscan LICOs	Above SPC Adequacy Lines
Newfoundland	1.9 (22,620)	2.2 (24,920)	1.4 (79,060)	1.3 (66,760)
Prince Edward Island	0.3 (3,970)	0.4 (6,100)	0.3 (16,140)	0.3 (14,010)
Nova Scotia	3.1 (37,050)	3.4 (55,690)	2.5 (140,080)	2.4 (121,440)
New Brunswick	2.3 (27,880)	2.3 (37,850)	2.0 (112,620)	2.0 (102,650)
Quebec	28.6 (343,700)	28.5 (460,350)	25.9 (1,434,850)	25.7 (1,318,200)
Ontario	35.2 (422,970)	34.8 (562,980)	39.6 (2,193,780)	40.0 (2,053,770)
Manitoba	5.7 (68,070)	5.3 (85,910)	4.1 (228,690)	4.1 (210,850)
Saskatchewan	3.8 (45,390)	4.0 (64,690)	3.6 (198,460)	3.5 (179,170)
Alberta	7.1 (84,860)	7.4 (119,370)	8.7 (482,930)	8.7 (448,420)
British Columbia	12.2 (146,200)	11.7 (189,550)	11.8 (656,280)	12.0 (612,930)
Canada	100.0	100.0	100.0	100.0

The proportion of the population in poverty varies by province. Newfoundland has the highest proportion of family units in poverty, 34.3% using the SPC adequacy lines and 22.2% using the Statistics Canada LICOs, while Alberta has the lowest proportion in poverty 21.0% using the Statscan LICOs and 14.9% using the SPC adequacy lines (Table 3). In Ontario 21.5% of all families and individuals are poor. This drops to 16.2% if the Statistics Canada LICOs are used. In Canada the proportion of family units in poverty is 25.0 or 17.8% depending on whether the SPC adequacy lines or the Statistics Canada's LICOs are used to measure poverty.

Table 3

Poor Family Units as a Proportion of All Family Units
for Canada and the Provinces
Statistics Canada's LICOs and Social Planning Council's Budget Guides
Urban Canada, 1977

Province	Below Statscan LICOs	Below SPC Adequacy Lines
Newfoundland	22.2	32.3
Prince Edward Island	19.7	30.3
Nova Scotia	20.9	31.4
New Brunswick	19.8	26.9
Quebec	19.3	25.9
Ontario	16.2	21.5
Saskatchewan	18.6	26.5
Alberta	14.9	21.0
British Columbia	18.2	23.6
Canada	17.8	24.0

c) Poverty and Labour Force Participation:

A general overview of labour force participation by all poor and non-poor family units indicates that over one half (54.5%) of families and unattached individuals with low incomes are non-participant units according to Statistics Canada's criteria (Table 4). A non-participant unit is a family or individual where no one was a member of the labour force at all during the year of the survey. This proportion falls to 49.4% when the SPC adequacy lines are used. As expected, the application of SPC adequacy lines increases the size of the low income population, most notably with the addition of over 270,000 family units with at least one labour force participant. These extra families with at least one labour force participant represents 65% of the increase in the population in poverty using the SPC measure rather than the Statistics Canada measure.

Table 4

Poor and Non-Poor Family Units by Labour Force Participation
Statistics Canada's LICOs and Social Planning Council's Budget Guides
Urban Canada, 1977 (percent and number)

Labour Force Participation	Below Statscan LICOs	Below SPC Adequacy Lines	Above Statscan LICOs	Above SPC Adequacy Lines
No member in the labour force	54.5 (655,040)	49.4 (798,660)	8.3 (462,690)	6.2 (319,070)
At least one member in the labour force	45.5 (547,670)	50.6 (818,740)	91.7 (5,080,200)	93.8 (4,809,130)
All Families	100.0 (1,202,710)	100.0 (1,617,400)	100.0 (5,542,890)	100.0 (5,128,000)

The breakdown of poor family units by labour force participation changes significantly when family units with heads over 65 years of age are excluded from the tabulations. Poor family units with heads under 65 represent 63% of all poor family units using both poverty lines. This proportion of poor

family units with no members in the labour force drops to less than one third of all income family units when the Statistics Canada measure of poverty is used and to one fourth when the SPC line is used (Table 5). There are corresponding increases in the percent of poor family units that are participant units. Using the SPC adequacy lines, almost 75% of poor families with heads under 65 years are shown to have some labour force attachment for the year. This group includes more than three quarters of a million family units.

Table 5

Poor and Non-Poor Family Units by Labour Force Participation, Labour Force Population, Statistics Canada's LICOs and Social Planning Council's Budget Guides; Urban Canada, 1977 (percent and number)

Labour Force Participation	Below Statscan LICOs	Below SPC Adequacy Lines	Above Statscan LICOs	Above SPC Adequacy Lines
No member in the labour force	31.9 (241,950)	25.2 (256,630)	1.5 (72,740)	1.2 (58,060)
At least one member in the labour force	68.1 (516,570)	74.8 (762,400)	98.5 (483,918)	98.3 (4,593,350)
All Families	13.4 (758,520)	18.0 (1,019,030)	86.6 (4,911,920)	82.0 (4,651,410)

These data provide even more dramatic evidence of the importance of the measurement of poverty used in estimating the size of the poor population with a labour force attachment. Using the more generous SPC adequacy line, there is a 34% increase in the size of the poor population with heads over 65 above that estimated using Statistics Canada's LICO. But 96% of this increase is accounted for by the inclusion of family units with at least one member in the labour force. The use of the lower Statistics Canada line introduces into most research on poverty a bias towards the conclusion that many of the poor are entirely excluded from the labour market.

When this bias is coupled with the bias introduced by the inclusion of people who are over 65 years old we can see that the picture of people in poverty and their relationship to the labour market is markedly different from the picture presented by the exclusion of those over 65 and the use of the SPC adequacy lines.

The analysis from this point on will use only the SPC lines of adequacy as the measure of poverty and will exclude from all tabulations those individuals and families with heads 65 years old and over. We will call this group the labour force population.

d) Poverty and Sources of Income

Do the poor derive all or most of their income from wages and salaries? Do they receive income from other sources? How do they compare in this respect to the non-poor? Less than 30% of the poor labour force population have no income from earnings from work (Table 6). The remainder have some

Table 6

Poor and Non-Poor Family Units by
Percent of Family Income From Earnings,
Labour Force Population
Urban Canada, 1977 (percent)

Percent Family Income from Earnings	Below SPC Adequacy Lines	Above SPC Adequacy Lines
0%	29.5	1.1
Over 0 to 20%	5.4	.6
Over 20 to 40%	6.6	.9
Over 40 to 60%	7.0	2.1
Over 60 to 80%	10.6	7.9
Over 80%	40.8	87.6
Total	100.0	100.0

percentage of their total family income from wages and salaries. A slight majority have more than 60% of their total family income from work. Over 95% of the non-poor have over 60% of their income from work and only 1.1% of the non-poor have no income from earnings. This is not surprising. It demonstrates the importance of income from work in pulling families and individuals out of poverty. What is important is the large percentage of poor families who derive the largest part of their total income from the work of one or more family members.

When we look at the average amount of income received by poor and non-poor family units we can see that they differ in only one major respect--income from earnings (Table 7). Almost 70% of the poor of labour force age report having received income from employment. The average amount reported for the poor is $4,118. Almost 99% of non-poor families report income from employment and the average reported amount was $20,102. The same proportion (22%) of poor families report income from unemployment insurance as the non-poor but the average amount reported is slightly higher for the poor. This

Table 7

Average Amount Received from Source of Income, and Percent Reporting Any Income by Source for Poor and Non-Poor Family Units Labour Force Population, Urban Canada, 1977

Source of Income	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Employment	$4,118. 69.6	$20,012. 98.9
Unemployment Insurance	1,712. 22.5	1,692. 22.7
Social Assistance	3,049. 25.2	2,081. 2.3
All Other Government Programs	892. 46.2	698. 51.0
Any Other Income	1,645. 31.5	1,802. 57.3

is an interesting finding. It suggests that the poor do not overuse or benefit disproportionately from the UIC program. One quarter of the non-poor reported income from social assistance compared to only 2.3% of the non-poor. The poor had a higher average amount of social assistance, $3,049. compared to $2,081. for the non-poor. Close to half of the poor and non-poor report income from other government programs, and the amounts reported are also similar. A higher proportion of the non-poor reported income from any other source, 57.3% compared to 31.5% for the poor. The actual amount of other income received was also similar.

e) Poverty and Weeks Worked

Another question that arises is the extent to which the poor actually work compared to the non-poor. Poor family units fall into roughly three groups with respect to number of weeks worked by the head: those where the head did not work at all (30.1%), those where the head worked for part of the year or 1 to 49 weeks (25.6%), and those where the head worked for virtually the whole year (44.3%) (Table 8). By contrast 91.5% of the non-poor worked the full year. Only 2.6% of the non-poor family unit heads did not work at all and 5.9% of the non-poor worked 1-49 weeks.

Table 8

Poor and Non-Poor Family Unit Heads by Number of Weeks Worked, Labour Force Population, Urban Canada, 1977, (percent)

Number of Weeks Worked	Below SPC Adequacy Lines	Above SPC Adequacy Lines
No Weeks	30.1	2.6
1 to 13 Weeks	6.4	.6
14 to 26 Weeks	9.4	1.6
27 to 29 Weeks	5.8	1.6
40 to 49 Weeks	4.0	2.1
Some Weeks (1-49)	25.6	5.9
50-52 Weeks	44.3	91.5

Using finer breakdowns of weeks worked reveals a higher concentration of the poor in the 14 to 26 weeks worked category. Of all the poor who worked at all but less than full-time (50-52 weeks) the majority (62%) are concentrated in the 1 to 13 and 14 to 26 weeks worked categories, less than half a year. By contrast for the non-poor who worked but less than full-time 63% are in the 27 to 39 and 40 to 49 weeks worked categories combined, more than half a year.

These data focus on unattached individuals and family heads only. They reveal that 70% of all poor family unit heads have some attachment to the labour market. The other 30% of poor family unit heads did not work at all during the year of the survey. The data show that a large proportion, almost 45% of poor family unit heads, actually worked for the full year. They also show that a significant group of poor family unit heads are neither wholly divorced from the labour market nor are they fully employed on a year round basis. There are almost as many poor family unit heads who worked between one and 49 weeks as poor family heads who did not work at all. Research in the U.S.A. suggests that if data were available for a longer time period than one year, the "dependent" group, where the head does not work at all or where no part of family income comes from earnings, would diminish in size.[29] However, even with the absence of better longitudinal data it can be concluded that poor families and heads of poor families among the labour force poor have significant attachments to the labour market. Finally, even full year employment does not guarantee a non-poverty income.

f) Employability of the Poor

Are heads of poor families and individuals who are not in the labour market "employable"? To answer this question one would need to know something

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29 Bennett Harrison, "Welfare Payments and the Reproduction of Low Wage Workers and Secondary Jobs," Review of Radical Political Economics, 11.2 (Summer 1979) pp. 1-16.
D. Metcalfe and R. Richardson "Unemployment in London" in The Concept and Measurement of Involuntary Unemployment, ed. G.D.N. Worswick, London: George Allen and Irwin Ltd., 1976, p. 205.

about the capabilities of the person and the social or family constraints they face. "Unemployable" is a term too often used to describe the status of a group who are excluded by an employment system with a scarce number of opportunities and rigid and inflexible criteria for employment.

Data on the main activity of poor family unit heads when they were not in the labour force (i.e. working or unemployed and looking for work) shows that 43.8% of poor family unit heads were in the labour force for the full year (Table 9). Another 20.9% were people who kept house when they were not in the labour force. The third largest group (14.0%) were people who went to school when they were not in the labour force. Another 6.9% were recorded as voluntarily idle and 5.7 reported that they were permanently unable to work because they were sick or disabled. A further 20.7% were grouped in the "other" category. These are probably people who worked but not for pay, participants in government sponsored programs, and some discouraged workers who had given up looking for work but were not voluntarily idle.

Table 9

Poor Family Unit Heads by Main Activity When Not in the Labour Force by Number of Weeks in the Labour Force, Labour Force Population, Urban Canada, 1977
(percent)

Main Activity When Not in the Labour Force	Weeks in the Labour Force			
	0 Weeks	1-49 Weeks	50-52 Weeks	Totals
Permanently Unable to Work	17.0	2.3		5.7
Kept House	53.1	19.1		20.9
Went to School	5.7	48.0		14.0
Retired or Voluntarily Idle	14.2	10.0		6.9
Other	10.0	20.7		8.7
Not Applicable Full Year in Labour Force	-	-	100.0	43.8
Total	100.0	100.0	100.0	100.0

What do these data tell us? They suggest that over 80% of all poor family unit heads were probably capable of working. The other twenty percent were composed primarily of students and a small percentage who are permanently disabled. When we say capable of working we have to qualify this by saying that we mean capability in the broadest sense. The 20% of poor heads of families and unattached individuals who are keeping house are mostly single mothers. As we can see from Table 9 they constitute slightly over half of all family unit heads who are not in the labour force at all during the year of the survey.

As might be expected almost half of poor family unit heads who were in the labour force for from one to 49 weeks were mainly students the remainder of the year when they were not in the labour force.

The representation of the poor as a group who cannot work has served a number of purposes. On the one hand it has been used by advocates of increased social allowances for the poor as grounds for maintaining that the poor are not able-bodied idlers who are taking advantage of society's compassion. On the other hand the idea that most of the poor are not actual or potential labour force participants has been put forward by those who argue that poverty will not be remedied through intervention in the employment system. Like all generalizations, the perception that the poor cannot work has some validity, particularly when the preponderance of old people among the poor is taken into account. But because of the general lack of employment services such as day care, specialized training, and the overall scarcity of job opportunities particularly for those with a physical or mental disability, the inevitability of their "dependency" has to be subjected to critical scrutiny.

These data indicate that the labour force participation of the poor who are not over the conventional retirement age is more the rule than the exception. Indeed close to half work for a full year yet have poverty level incomes. Another 25% work for part of the year and only 30% have not worked at all, although they might be expected to seek employment in subsequent years. This suggests that an understanding of the dynamics of the labour market is important to an understanding of poverty.

g) The Characteristics of Poor Family Units

By examining the characteristics of poor family units in the labour force population along with their relationships to the labour market we can identify those groups most relevant to us from the perspective of policy. A portrait of poor families and individuals in the labour force population reveals unattached individuals as the single most common type of poor family unit. Unattached individuals constitute 44.9% of all family types who are poor (Table 10). These one person family units are a heterogeneous group encompassing people who are students, the disabled and older individuals.

The second largest family unit type is husband-wife families with dependent children. These families totalled almost one quarter (24.8%) of all poor family units.

Table 10

Poor Family Units by Charasteristics of Families
by Weeks Worked, Labour Force Population
Urban Canada, 1977
(percent within weeks worked categories)

	Number of Weeks Worked			
Family Structure	No Weeks	1-49 Weeks	50-52 Weeks	Total%
Unattached Individuals	45.6	62.9	34.0	44.9
Husband-Wife Families With Dependent Children	8.8	14.4	41.7	24.8
Single Parent Families	32.7	14.4	12.4	18.9
All Other Families	12.8	8.3	12.0	11.4
Total	100.0	100.0	100.0	100.0

The third largest type of poor family unit is single parent families. A small fraction of these are male-headed but this category is almost entirely made up of women with children. They constitute 18.9% of all poor family units with heads of labour force age.

A residual category of other families comprises 11.4% of all poor family units and is made up mostly of husband-wife families with no children, and husband-wife families with other dependents.

A breakdown of these groups by weeks worked reveals the particular relationship that each of these groups has to the labour market. Within each of the weeks worked categories, unattached individuals form the majority (62.9%) of those poor family unit heads who worked 1-49 weeks (Table 10). These are probably students although a large number are likely young people having problems with unemployment, single older people and the disabled who also experience problems in finding and maintaining employment. A large proportion (45.6%) of those poor family unit heads who worked no weeks were also unattached individuals (Table 10). These are probably students, people who have dropped out of the labour force because of employment difficulties, and those who cannot work because of sickness or disability. A surprising finding is that a large proportion of unattached individuals comprise the poor family unit head category that worked a full year.

Within the category of poor family unit heads who worked a full year (50-52 weeks) 34% were unattached individuals (Table 10). Stated another way, 33.6% of all poor unattached individuals worked a full year (Table 11). At first glance it must be difficult to understand why a single person who works full-time would be poor given that the minimum wage in all provinces in Canada is high enough to provide a person working for a full year at that wage with an income above poverty.[30] One explanation might be that these are the people who fall through the gaps of minimum wage coverage. In most provinces employers are exempt from paying the standard minimum wage to domestic workers who work in

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[30] National Council of Welfare, The Working Poor, Ottawa, March 1981, p. 94.

Table 11

Poor Family Units by Characteristics of Families by Weeks Worked, Labour Force Population, Urban Canada, 1977 (percent within family categories)

Family Structure	Number of Weeks Worked			Total
	No Weeks	1-49 Weeks	50-52 Weeks	
Unattached Individuals	30.5	35.9	33.6	100.0
Husband-Wife Families with Dependent Children	10.5	14.9	74.6	100.0
Single Parent Families with Children	52.4	19.0	28.6	100.0
All Other Families	34.2	19.3	46.5	100.0

private homes, to workers in industries such as farming, fishing, trapping, and logging, and to employees in restaurants who usually earn tips.[31] In addition while many of these individuals worked for the full year, many also probably worked part-time. Most part-time salaries even above the minimum wage would not be sufficient to provide non-poverty incomes even to individuals. Statistics Canada reports that 15% of all part-time workers were working because they could only find part-time work.[32] Some of these are probably also students who worked part-time for the full year.

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[31] Ibid.

[32] Statistics Canada, The Labour Force, Cat. 71-001, March 1981, Ottawa, p. 52.

The largest single group of poor family unit heads who worked for the full year (50-52 weeks) were heads of husband-wife families with dependent children. They constituted over 40% of family unit heads within the weeks worked category (Table 10). Viewed within the category of husband-wife families with children, almost three quarters of all these family heads worked the full year but had poverty level incomes (Table 11). The problem these families experience is undoubtedly low wages from employment. The size of the family has a bearing on whether these families fall into poverty or not. This issue will be pursued later on in this report.

Single parent families comprise 32.7% of all those family unit heads who worked no weeks, second to unattached individuals (Table 10). Within the single parent grouping, however, most (52.4%) did not work at all throughout the year (Table 11). A large proportion (28.6%) also worked for the full year, and a smaller, but still significant group of single parent family heads worked some of the year. As mentioned earlier there is reason to believe that this group moves in and out of the labour market frequently. Being mostly women with children, their ability to work is limited by the lack of day care. They are often the victims of a low wage job sector that is characterized by frequent job changing and instability of employment.

The final poor family unit type characterized as "other families" comprised a more or less consistent proportion of poor family unit heads within each of the weeks-worked categories (Table 10). As a group, however, almost half (46.5%) worked full-time (Table 11). As mentioned before many of these were simply husband and wife families living alone or with dependents other than children. Working full-time at low wages keeps them in poverty. A large proportion of this group (34.2%) worked no weeks and a smaller but significant proportion 19.3% worked 1-49 weeks (Table 11). These are often victims of unemployment.

h) Poverty, Age, Sex, and Education

Comparing poor family unit heads with non-poor family unit heads by age reveals a concentration of the young in poverty. Almost one quarter of poor family heads were under the age of 25 (Table 12). This compares to 11.9% of

the non-poor in the same age category. It is not surprising that the young are more prone to poverty than the middle aged and older workers. However, many of the young are only temporarily poor. They are at the beginning of their working life and we can expect that they will eventually pull themselves out of poverty by building the economic foundations they require. At the same time young people suffer from both unemployment and low wages, the two major institutional factors that prevent people from achieving adequate income.

Table 12

Poor and Non-Poor Family Unit Heads by Age,
Labour Force Population,
Urban Canada, 1977 (percent)

Age of Head	Below SPC Adequacy Lines	Above SPC Adequacy Lines
13 to 25 years old	24.7	11.9
25-49	48.9	61.7
50-64	26.5	26.4
Total-All Ages	100.0	100.0

Similar breakdowns by sex show that women are over-represented in the population in poverty. One quarter of all family units are headed by women; yet almost half all poor families are female (Table 13). One third of all female heads are poor compared to only 12.1% of all male heads. The problem with these data is that they are for heads of family units only. Most family units apart from single parent families and unattached individuals are headed by men. As a consequence the proportion of women in poverty compared to men is often under-represented. If all females in all family units were counted, the profile of poverty would reveal how women represent the majority of the poor.

A third important variable in the variation of income is educational level. Generally education is considered important because it is the measure of a person's economic worth. These data show that education is a significant variable distinguishing the poor from the non-poor in the lowest educational category and the highest. Almost 30% of poor family heads had an education of

Table 13

Poor and Non-Poor Family Units by Sex,
Labour Force Population,
Urban Canada, 1977

Sex	Below SPC Adequacy Lines	Above SPC Adequacy Lines	Total
Male	*50.4 **(12.1)	79.1 (87.9)	74.0 (100.0)
Female	49.6 (33.9)	20.9 (66.1)	26.0 (100.0)
Total	100.0 (18.0)	100.0 (82.0)	100.0 (100.0)

* Column Percent ** Row Percent

grade 8 or less (Table 14). This compared with 17.8% for the non-poor. Conversely while 14.3% of non-poor family heads had a university degree, only 6.3% of poor family heads were similarly educated.

Sex, age, and education are obviously three significant correlates of poverty. As a personal characteristic, sex is however quite different from age and education. Sex is not job related while education and age are in some ways proxies for human capital and job experience. We may expect people who are young to have lower wages than older people because they lack the job related experience that would increase their worth to employers. Similarly those with lower education might be expected to be worth less to employers because they do not have skills that would make them more desirable. But the differences between men and women can only be accounted for by institutional factors such as discrimination and the low status accorded to women in society.

Sex, age, and education are too often used as artificial characteristics that serve to relegate women, young people, and the less educated to marginal jobs or to exclude them from jobs altogether. The fact that they are in poor jobs is not a product of these characteristics or of personal failings but often it is the failure of the system to provide a sufficient number of good jobs in the first place.

1) Ratio of Earners to Dependents

We have seen that for a large number of families and individuals full year employment is not a sufficient condition for non-poverty. Low wages may be

Table 14

Poor and Non-Poor Family Unit Heads by Education, Labour Force Population, Urban Canada, 1977 (percent)

Education of Head	Family Income	
	Poor	Non-Poor
Grade 8 or less	29.9	17.8
Grade 9-10	18.0	15.2
Grade 11-13	24.2	29.5
Post Secondary Diploma or Certificate	21.5	23.3
University Degree	6.3	14.3
Total	100.0	100.0

sufficient to support a small family but wages are not geared to family size. As family size increases the poverty line increases and at some point the wages that may have been adequate for one family size are inadequate for another.

Dependency ratios (the ratio of the number of earners in a family unit to the number of dependents) were calculated by dividing the number of earners per family unit by the number of persons per family unit. A low ratio indicates a large number of people to be supported per earner while a higher ratio indicates a lower number of people to support per earner.

Dependency ratios for poor family units are lower than those for non-poor family units except for individuals where the dependency ratio must always equal one (Table 15). The incidence of poverty particularly among family units with five or more members does appear to have a relationship to the fact that there are fewer earners than in family units of a similar size with adequate incomes. A comparison of dependency ratios of families below poverty with hypothetical dependency ratios indicates that these families have dependency ratios somewhat higher than would be expected if all families had just one earner. This suggests that many families below the poverty line have even more than one earner and still cannot achieve levels of income above the poverty line.

Table 15

Average Dependency Ratios for Poor and Non-Poor Family Units With At Least One Earner by Family Unit Size, Urban Canada, 1977 (percent)

	Dependency Ratios By Family Unit Income		Hypothetical Dependency Ratios	
Number of Persons Per Family	Below SPC Adequacy Lines	Above SPC Adequacy Lines	If All Family Units Had One Earner	If All Family Units Had Two Earners
1	1.00	1.00	1.00	--
2	.61	.81	.5	1.00
3	.44	.62	.33	.67
4	.36	.49	.25	.50
5	.28	.45	.20	.40
6	.29	.41	.14	.29
7 or more	.25	.41	.14	.29

j) Poverty, Employment and Children

Having more than one earner in a family is one way many families achieve incomes above poverty level. But having more than one earner is not always possible particularly if there are child rearing responsibilities allocated to one family member. We looked at how having children, particularly young children, affected the employment pattern of women in husband-wife families. A look at all husband-wife families with children shows that the age of children is an important factor distinguishing poor and non-poor families. While 60.6% of poor husband-wife families had at least one child under seven years old, 44.6% of non-poor families had at least one child six or under (Table 16).

Table 16

Poor and Non-Poor Husband-Wife Families with Dependent Children, by Age of Children, Labour Force Population, Urban Canada, 1977

	Family Income	
Age of Children	Below SPC Adequacy Lines	Above SPC Adequacy Lines
At least One Child 6 or under.	60.6	44.6
All Children over 6.	39.4	55.4
Totals	100.0	100.0

Further investigation into the work patterns of wives in these families shows that one difference between poor and non-poor families with young and older children is the tendency for the wife in poor families not to work outside the home. Over 50% of wives in non-poor husband-wife families with children worked outside the home compared to only 30% of wives in poor husband-wife families with children (Table 17). While the age of children seems important as a difference between poor and non-poor husband-wife families, the presence of children under seven years does not appear to be a significant factor affecting whether or not poor women work outside the home (Table 17). On the other hand there is a tendency in families with a greater number of children to not have the wife working outside the home.

A similar relationship can be demonstrated for single parent families headed by women. Single parent families with young children have a much greater tendency to be in poverty than single parents with older children only. Seventy-six percent of all single parent families with at least one child six or under was poor compared to 44.8% of single parent families with all

children over six years old (Table 18). Forty-four percent of poor single parent families had at least one pre-school child compared to 16.6% of non-poor single parent families.

Table 17

Poor and Non-Poor Husband-Wife Families by Whether the Wife Worked or Did Not Work Outside the Home by Age and Number of Children, Labour Force Population, Urban Canada, 1977 (percent within child and adequacy category)

	Family Income					
	Below SPC Adequacy Lines			Above SPC Adequacy Lines		
Age of Children	Wife Worked Outside the Home	Wife Did Not Work Outside the Home	Total	Wife Worked Outside the Home	Wife Did Not Work Outside the Home	Total
At least one child 6 or under	29.3	70.7	100.0	51.9	48.1	100.0
All Children over 6	30.6	69.4	100.0	57.1	42.9	100.0
Number of Children						
1 child	35.3	64.7	100.0	62.2	37.8	100.0
2 children	32.1	67.9	100.0	52.7	47.3	100.0
3 children	23.2	76.8	100.0	50.4	49.6	100.0
4 children	25.1	74.9	100.0	49.1	50.9	100.0

Many single parent mothers are forced to rely on social assistance for all or most of their incomes. They have a difficult time finding suitable work because of their relative disadvantage in the labour market. Without adequate support for child care and with no breadwinner they cannot hope to enter the labour force and seek jobs paying adequate wages.

Table 18

Poor and Non-Poor Single Parent Families
Headed by Women by Age of Children,
Labour Force Population,
Urban Canada, 1977 (percent)

Age of Children	Below SPC Adequacy	Above SPC Adequacy	Total
With at least One Child 6 or Under	44.4* (76.6)**	16.6 (23.4)	(100.0)
All Children Over 6 years of age	55.5 (44.8)	83.5 (55.2)	(100.0)
Totals	100.0	100.0	-

* Row Percent
**Column Percent

k) Poverty and Unemployment

We have already established that there is a relationship between the amount of time people work and the amount of poverty they experience. Unemployment as a concept, however, is different from not working. People may not work but they also may not want to work or be able to work. There is an official definition of unemployment which limits the estimate of the number of unemployed at any one time to those who are "actively searching for work". There are problems with this definition as a number of analysts have identified. This measure of unemployment excludes a considerable number of "discouraged" workers who have given up or have not started looking for work because they believe no work to be available.[33] Those people most often excluded from the estimate of unemployment because of this definition tend to be young people, older people and women, precisely those groups who are over-represented in the poverty group. Hence any analysis of unemployment and poverty using official definitions of unemployment may have a biasing effect on their relationship. Nevertheless strong relationships can be established even with these problems.

[33] Social Planning Council of Metropolitan Toronto, "Unemployment in Toronto, Hidden and Real" Working Papers for Full Employment #1, Toronto, 1980.

Unemployment in this paper is defined as any period that a person did not work but looked for work during the year of the survey. If a person did not look for work he/she was counted as not in the labour force and was, therefore, not counted as unemployed. Full-time students who looked for work while students were not counted as unemployed. To be unemployed one had to be "available and looking for work".

1) Unemployment in Family Units

There is a much greater tendency for poor family units to experience some unemployment (Table 19). Family units with at least one member in the labour force account for 75% of all poor family units and 98% of non-poor family units of labour force age (See Table 5). Over 40% of poor family units with at least one labour force participant had some unemployment compared to 21.5% of non-poor family units. This finding is interesting in light of the previous finding that the poor use unemployment insurance in the same proportion as the non-poor. Evidently unemployment insurance is not providing effective income security for the poor even though they experience more unemployment than the non-poor.

Table 19

Poor and Non-Poor Family Units with Labour Force Participants by Whether there was Any Unemployment in the Family Unit, Labour Force Population, Urban Canada, 1977 (percent)

Labour Force Participation and Unemployment	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Families with at least one labour force participant and no unemployment	59.4	78.5
Families with at least one labour force participant and some unemployment	40.6	21.5
TOTAL	100.0	100.0

m) Unemployment of Family Unit Heads

If we limit our analysis to family unit heads who are in family units with attachments to the labour force we see that these family unit heads were much more likely to have experienced unemployment if they were poor. Thirty-eight percent of poor family unit heads who were in the labour force experienced some unemployment compared to only 9.4% of non-poor family heads (Table 20).

Table 20

Poor and Non-Poor Family Unit Heads
by Experience of Unemployment,
Labour Force Population,
Urban Canada, 1977 (percent)

Labour Force Participation and Unemployment	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Family Heads who were in the labour force and had no unemployment	62.0	90.6
Family Heads who were in the labour force and had some unemployment	38.0	9.4
TOTAL	100.0	100.0

Comparing poor and non-poor family units in which the head experienced some unemployment, we can see that the heads of family units accounted for over 90% of the measured unemployment in all poor family units compared to only 42% for non-poor family units (Table 21). When a head of a family experiences unemployment in a family where there are no earners, that unemployment is much more likely to plunge the family into poverty. As we have seen where there are two or more earners in a family the chances of poverty are greatly reduced.

Table 21

Poor and Non-Poor Family Units Where the Head Experienced Some Unemployment as a Percentage of Family Units Where at Least One Member Experienced Some Unemployment, Labour Force Population, Urban Canada, 1977 (percent)

Family Income	
Below SPC Adequacy Lines	Above SPC Adequacy Lines
90.7	42.0

n) Poverty, Length and Frequency of Unemployment

There is also evidence that the length and frequency of unemployment are important factors influencing the income of families and individuals. A breakdown of poor and non-poor family heads by number of weeks of unemployment experienced over the year reveals a consistently high concentration of long term unemployment for poor families. For non-poor families the proportion of people unemployed steadily declines as the number of weeks of unemployment rises. For poor families the proportion of people who are unemployed for the three long term categories (13-24 weeks, 25-36 weeks, and 37-52 weeks) remains around 8% (Table 22). Almost one-quarter of these poor family heads experienced a long term unemployment of 13 weeks or over compared to only 4.8% of non-poor families.

The frequency or number of stretches of unemployment is also significant although less so than the length of unemployment. Almost 10% of poor family heads had more than one stretch of unemployment compared to 24% of non-poor family unit heads (Table 23).

Table 22

Poor and Non-Poor Family Unit Heads Who Were in Families With at Least One Member in The Labour Force by Number of Weeks of Unemployment, Labour Force Population, Urban Canada, 1977 (percent)

Number of Weeks Unemployed	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
No weeks	62.0	90.6
1 - 12 weeks	14.2	4.6
13 - 24 weeks	8.6	2.7
25 - 36 weeks	7.3	1.5
37 - 52 weeks	8.0	.6
TOTAL	100.0	100.0

Table 23

Poor and Non-Poor Family Unit Heads Who Were in Families With at Least One Member in The Labour Force by Number of Stretches of Unemployment, Labour Force Population, Urban Canada, 1977 (percent)

Number of Weeks Unemployed	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
No unemployment	62.0	90.6
One stretch	28.2	7.0
2 stretches	7.0	1.7
3 stretches	2.9	.7
TOTAL	100.0	100.0

o) Unemployment and Occupation

Having established that there is a relationship between unemployment and poverty we might now look to what characteristics of the labour market can be associated with unemployment. An analysis of unemployment of family unit heads by occupation and whether or not the head experienced any unemployment shows that unemployment tends to be more concentrated in certain occupations than others. Overall there were 13.2% of all family heads that experienced some unemployment (Table 24). However, only 5.4% of those who worked in managerial positions experienced unemployment compared to 16.8% in the clerical occupations and 29.1% in construction and 28.6% in farming, fishing and logging (Table 24).

Table 24

Unemployment by Occupation of Family Heads
Labour Force Population,
Urban Canada, 1977

	Unemployment Status	
Occupation	No Unemployment	Some Unemployment
Managerial	94.6	5.4
Professional, Artistic	89.9	10.1
Teaching	92.3	7.7
Clerical	87.1	12.9
Sales	90.8	9.2
Services	83.2	16.8
Mining, Processing Machinery	87.6	12.4
Manufacturing Repairing	88.3	11.7
Construction	70.9	29.1
Transportation, Materials Handling	86.7	13.3
Farming, Fishing, Logging	71.4	28.6
TOTAL	86.8	13.2

p) Poverty and Low Wages

There are two approaches to the analysis of low wages and their relationship to poverty. The first is to estimate whether the wages that individuals and families earn are adequate to meet the income requirements of the family. The second is to undertake a comparative analysis to see whether the wages that the poor earn are low because they are concentrated in any particular occupation or industry, or because they are low in comparison to all other earners.

The first method reflects social values about how a wage earner even at the lowest income should be able to support a family. As we have pointed out in an earlier section there are problems with this approach in that a wage that is adequate for one family size may be inadequate for another because of the different number of dependents involved. This view has been given recognition in principle several decades ago with the introduction of family allowances and the more recent adoption of some provinces' income supplementation for the working poor. The principle that wages alone should provide an adequate standard of living for a family, therefore, has lost ground over the last thirty years at least so far as social policy is concerned.

The second approach, comparing wages by occupation, sex, and education, raises questions about the equitability of the distribution of income from wages from the employment system. Any study of the differential in wages is incomplete without a study of the fringe benefits and working conditions also associated with each level of pay. Fringe benefits including vacation and sick leave now make up on the average more than 30% of the entire wage package paid to employees by employers, but there is a significant variation in the compensation provided to workers through fringe benefits packages. In addition, the tax system provides benefits to some groups and few benefits to others. For example self-employed professionals can take advantage of numerous tax deductions and reduce their levels of tax payable. This provides higher income groups with added income advantages indirectly through the redistributive properties of the tax system. Finally an analysis of wage and salary differentials does not take into account the differences in wealth between groups. Higher income groups gain a substantial

portion of their total income from capital gains and interest and while wage and salary differentials may in some cases be small, income differentials as a result of the latter may be large.

The approach in this section will be the comparative approach to the analysis of low wages. It is difficult to undertake such an analysis with the data available to us in the Survey of Consumer Finances. The major problem rests in the lack of any direct information on wage rates. The survey provides detailed information on earnings from wages and salaries throughout the year. This does not provide us with the actual hourly or weekly wages that a person had on the job. We can, however, use a proxy for wage rates by dividing earnings from work over the period of a year by the number of weeks worked for people who worked mostly full-time and mostly part-time.

There are weaknesses in this method. For example, it cannot control for people who worked both full-time and part-time at different periods during the year or for people who might have worked at two jobs. Nor can it control for different wages that an individual might have earned as a result of a promotion or job change. In addition, people working overtime and having higher weekly wages based on working more than a forty hour week would have their wages estimated as a normal week's wages. Even with all of these problems we believe that the proxy weekly wage rates estimated provide an adequate base from which to compare the wages of the poor and non-poor, educational and sex differences, and differences in occupational wages. What is important is not the actual dollar amounts estimated so much as the categories which form the basis for comparison.

The sample of all poor family unit heads in the labour force population who worked at all during the year shows that 85% worked mostly full-time and 15% worked mostly part-time (Table 25). The poor, therefore, have a greater tendency to work part-time than the non-poor and it is undoubtedly because they only have part-time wages that they have inadequate incomes.

Table 25

Poor and Non-Poor Family Unit Heads
Who Worked by Whether They Worked
Mostly Full-Time or Mostly Part-Time,
Urban Canada, 1977 (percent)

	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Worked Mostly Full-Time	85.0	97.3
Worked Mostly Part-Time	15.0	2.7
TOTAL	100.0	100.0

q) Wages of the Poor and Non-Poor

A comparison of the poor and non-poor by their estimated weekly wage rates for heads of family units who worked full-time and part-time shows that the differences are striking. Thirty-eight percent of poor family unit heads were in the lowest wage category of less than $99. a week compared to only 1.1% of non-poor family unit heads (Table 26). Over 90% of poor family unit heads fall into the lowest three wage categories all under $200. per week compared to 17.4% of non-poor family heads.

This relationship holds for those who worked mostly part-time although it is less pronounced probably because the wages of part-time work are on the whole lower than full-time work and there is less of a wage differential for part-time work than there is for full-time work. Almost 35% of family unit heads who worked mostly part-time were in the lowest estimated weekly wage category of under $50. compared to 6.4% of non-poor family unit heads (Table 27). Over 88% of poor family unit heads who worked mostly part-time were in the lowest three wage categories, under $150. per week, compared to 45% of the non-poor who worked mostly part-time.

Table 26

Poor and Non-Poor Family Unit Heads
Who Worked Mostly Full-Time
by Estimated Weekly Wage Rates,
Labour Force Population,
Urban Canada, 1977 (percent)

Estimated Weekly* Wage Rates	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Under $100	38.6	1.1
$100 - $149	24.9	5.1
$150 - $199	17.5	11.2
$200 - $249	9.3	15.6
$250 - $299	4.4	17.9
Over $300	5.4	49.1
TOTALS	100.0	100.0

*for the method of determining the proxy wage rate see p. 51.

Using this type of analysis it is difficult to isolate one variable such as wage rates and analyse its importance relative to other variables such as family characteristics or unemployment. These data do provide striking evidence of the wage differentials paid to different people and how these differentials influence the level of poverty. What other variables can account for these differences?

r) Education and Wages

Low wages are generally recognized as a key factor in accounting for poverty. There is disagreement however, on why some people are poorly paid in comparison to others. Some theorists cite a lack of education, skill level, or experience as the major explanation for why some poor people receive

Table 27

Poor and Non-Poor Family Unit Heads by
Estimated Weekly Wage Rates of
Family Heads Who Worked Mostly Part-time,
Labour Force Population
Urban Canada, 1977 (percent)

Estimated Weekly* Wage Rates	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Under $50	34.5	6.4
$50 - $99	36.5	18.1
$100 - $149	17.3	20.4
$150 - $199	3.9	10.8
$200 - $249	2.3	11.8
Over $250	5.5	32.5
TOTAL	100.0	100.0

*for the method of determining the proxy wage see p.51.

low wages. Others attribute wage differentials to such factors as industrial attachment or discrimination. These theorists would content that certain groups, such as women, young people, and racial and ethnic minorities have been "channelled" into poor educational opportunities and poor jobs.

Breakdowns of poor and non-poor family unit heads by education and wage levels provides some evidence that people with equivalent education earn different wages (Tables 28, 29). The distribution of poor family heads within various educational categories by wage is surprisingly level. A similar relationship exists for non-poor families although those with a university degree are much more concentrated in the highest wage category.

Education by itself is not the sole measure of human capital. Other elements include experience, on-the-job training, and "natural" aptitudes; and these are difficult to control in a study such as this. However, formal education

Table 28

Poor Family Unit Heads Who Worked Mostly Full-Time By Education Level and Estimated Weekly Wage Rates, Labour Force Population, Urban Canada, 1977 (percent)

Estimated* Weekly Wage Rates	Education Level				
	Grade 8	Grades 9 to 10	Grades 10 to 13	Some Post-Secondary or Certificate/Diploma	University Degree
Under $100	34.3	40.7	44.9	35.8	33.0
$100 - $199	42.7	42.8	41.0	41.8	47.7
$200 - $299	18.4	11.1	8.7	16.7	14.0
Over $300	4.7	5.5	5.4	5.9	5.3
TOTAL	100.0	100.0	100.0	100.0	100.0

*for the method of determining the proxy wage rate see p.51.

Table 29

Non-Poor Family Unit Heads Who Worked Mostly Full-Time by Educational Level and Estimated Weekly Wage Rates, Labour Force Population, Urban Canada, 1977 (percent)

Estimated* Weekly Wage Rates	Education Level				
	Less than Grade 8	Grades 9 to 10	Grades 10 to 13	Some Post-Secondary or Certificate/Diploma	University Degree
Under $100	1.5	1.6	.8	1.0	.9
$100 - $199	18.8	17.3	19.5	15.3	6.7
$200 - $299	38.7	37.6	34.4	34.4	18.8
Over $300	41.0	43.5	45.4	49.3	73.6
TOTAL	100.0	100.0	100.0	100.0	100.0

*for the method of determining the proxy wage rate see p. 51.

is a very important component of the measure of human capital and these data suggest that theorists who emphasize human capital differences as a way of explaining poverty and low wages may be over-estimating their importance.

s) Sex and Wages

Another explanation of why people with equivalent levels of education earn different wages may be found in the differences between the wages paid to men and those paid to women. Research on the sex differences in occupational earnings in Canada has revealed substantial inequities in the wages paid to men and women. On average, women in the Canadian labour force earn 52.2% of what men earn.[34] Nor are these wage differentials completely alleviated when statistical adjustments are made for occupation, education, work experience and other job related variables.[35]

Our data confirm this funding. A breakdown of male and female family unit heads by estimated weekly wage rates shows that women are more concentrated in the low wage categories than men. Half of all female heads of family units earned less than $200. a week compared to 17.5% of male heads (Table 30). Only

Table 30

Family Unit Heads Who Worked Mostly Full-Time
by Sex and Estimated Wage Rates,
Labour Force Population
Urban Canada, 1977 (percent)

Estimated Weekly* Wage Rates	Male	Female
Under $100	17.5	50.3
$200 - $299	30.9	30.3
$300 and over	51.6	19.4
TOTAL	100.0	100.0

*for the method of determining the proxy wage rate see p. 51.

34 Statistics Canada, Earnings and Work Histories of the 1972 Canadian Labour Force, Catalogue 13-557, Ottawa, Canada, p. 36.

35 Ibid.

19.4% of female heads earned in the highest wage category, more than $300. a week, compared to over 50% for male heads. These data are for heads of family units only. If non-heads of families were included, this discrepancy would likely be much greater.

t) Sex and Education

Nor can this wage differential between men and women be related to educational differences. In fact women heads of family units have on the average higher educational levels than men who are heads of family units. Fewer than 10% of female family heads have a grade 8 education or less compared to almost 20% for male heads (Table 31). Women heads constitute a higher proportion of the group with a university degree.

Table 31

Male and Female Family Unit Heads
by Education,
Labour Force Population,
Urban Canada, 1977 (percent)

Education Level	Male	Female
Grade 8 or less	19.9	9.7
Grades 9-10	16.4	11.8
Some Post-Secondary or Diploma or Certificate	21.7	31.2
University Degree	13.7	14.2
TOTAL	100.0	100.0

u) Age and Wages

Age is one variable that we found to be closely related to wages. Virtually half of the older age groups 25-49 and 50-64 had estimated wages in the highest wage category compared to only 17.4% of those heads who were less

than 25 years old (Table 32). Almost 50% of the lowest age group were in the wage category of less than $200. a week compared to around 20% for the older age categories.

Table 32

Family Unit Heads Who Worked Mostly Full-Time
by Age and Estimated Weekly Wages,
Labour Force Population,
Urban Canada, 1977 (percent)

Estimated Weekly* Wage Rates	Age		
	Less than 25	25-49	50-64
Less than $200	48.4	19.2	23.7
$200 - $299	34.3	30.2	30.0
$300 and above	17.4	50.5	46.2
TOTAL	100.0	100.0	100.0

*for the method of determining the proxy wage rate see p. 51.

It is not surprising that young people have lower wages than older people. Many young workers are just entering the labour market and are on a career or job trajectory that will lead to advancement and higher pay. The wages they receive are often entry level wages that will change as they move up the job ladder. But not all young people will be successful in this transition. Our data didn't allow us to comment on this possibility. However, we can conclude that the wage structure of jobs is hierarchial and young people are disproportionately located at the low end of this scale. This often leads to poverty among young heads of households.

v) Occupation and Wages

While it is important to study the characteristics of people who are paid low wages, it is also important to study the characteristics of jobs that pay low wages. The Survey of Consumer Finances is not well designed for this latter purpose. Occupational differences are recorded but these are on such a general level that each category represents a range of very difficult job functions. A study of the characteristics of low paid jobs has to begin with a data base derived from a sample of jobs and job characteristics. This would include detailed description of occupational functions as well as a range of non-wage characteristics that have a bearing on the quality of life of people in their jobs as well as on the magnitude of poverty (e.g. fringe benefits). The Survey of Consumer Finances on the other hand is a sample of households and it is designed to provide detailed data on the personal characteristics of families - not jobs.

Nevertheless, some breakdowns of occupational differences between poor and non-poor family unit heads do provide us with an indication of where the poor are located in the occupational structure. The most important difference between poor and non-poor family unit heads in terms of their occupational segregation is the concentration of the poor in the service and clerical occupations. Thirty-seven percent of all poor family unit heads who worked mostly full-time were in these two occupations compared to 20% of family unit heads above poverty (Table 33). When the breakdown is based on family unit heads who worked mostly part-time, the concentration of poor family unit heads in clerical and service occupations is even greater. Fifty-eight percent of all poor family unit heads who worked mostly part-time were in these two occupations compared to 39.5% for the non-poor (Table 34).

The percentage of all family unit heads who reported that they worked full-time similarly shows a high concentration of poverty in the clerical, service, construction, farming, fishing and logging occupations. More than one out of every five people who work in the service occupations and are also family heads are poor (Table 35). One out of every four people in farming, fishing and logging is poor.

Table 33

Poor and Non-Poor Family Unit Heads Who Worked Mostly Full-Time by Occupation, Labour Force Population, Urban Canada, 1977 (percent)

Occupation	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Managerial-Administrative	4.4	11.9
Professional-Artistic	10.5	11.6
Teaching	2.2	4.9
Clerical	16.1	13.2
Sales	8.5	10.2
Service	20.8	8.7
Mining-Processing -Machining	7.0	8.7
Manufacturing-Repairing	9.1	11.2
Construction	10.5	8.6
Transportation -Materials Handling	8.4	10.1
Farming-Logging-Fishing	2.4	.8
TOTAL	100.0	100.0

Table 34

Poor and Non-Poor Family Unit Heads Who Worked Mostly Part-Time by Occupation, Labour Force Population, Urban Canada, 1977 (percent)

Occupation	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Managerial-Administrative	1.5	2.3
Professional-Artistic	11.3	14.6
Teaching	6.5	11.4
Clerical	23.1	19.5
Sales	9.2	13.5
Service	35.2	20.2
Mining-Processing -Machining	1.7	3.2
Manufacturing-Repairing	3.0	4.7
Construction	2.3	5.0
Transportation-Materials Handling	4.2	4.3
Farming-Logging-Fishing	2.1	1.3
TOTAL	100.0	100.0

Service and clerical occupations are very broad categories that include highly paid jobs as well as low paid jobs. For example, domestic workers and low paid restaurant workers are in the service category. At the same time many higher paid government workers are also classified as service workers. A breakdown of estimated wage rates for poor and non-poor family unit heads by

percentage within income group shows how wage rates within these two sectors are related to poverty (Table 36). It is apparent that wages within these occupations vary considerably. The poor are concentrated in the lowest wage categories.

Table 35

Percentage of Poor Family Unit Heads Who Worked Mostly Full-Time in Each Occupation, Labour Force Population, Urban Canada, 1977

Occupation	Percent Family Heads in Each Occupation Below SPC Adequacy Lines
Managerial-Administrative	4.3
Professional-Artistic	9.8
Teaching	5.2
Clerical	12.7
Sales	9.1
Service	22.3
Mining-Processing-Machining	8.9
Manufacturing-Repairing	8.9
Construction	12.7
Transportation-Materials Handling	9.1
Farming-Logging-Fishing	25.8

Table 36

Poor and Non-Poor Family Unit Heads Employed in Service and Clerical Occupations by Wage Rates, Labour Force Population, Urban Canada, 1977

Occupational and Wage * Rate Categories	Family Income	
	Below SPC Adequacy Lines	Above SPC Adequacy Lines
Service Occupations:		
$ 0 - $99 per week	45.7	2.6
$100 - $199 per week	40.6	29.7
$200 - $299 per week	10.2	34.7
$300 and over per week	3.5	32.9
TOTAL	100.0	100.0
Clerical Occupations:		
$ 0 - $99 per week	35.8	1.3
$100 - $199 per week	49.0	32.3
$200 - $299 per week	11.0	42.4
$300 and over per week	4.2	24.1
TOTAL	100.0	100.0

*for the method of determining the proxy wage rates see p. 51.

These data suggest an obvious conclusion; the lower the pay an individual receives, the more likely that individual and her/his family unit will fall into poverty. Poverty might be avoided if a second earner in a family works and contributes earnings to family income or if one or more major expenditures such as rent is below average. Nevertheless it does seem that the existence of a number of low paid jobs in the Canadian economy is a factor that cannot be ignored in considering the problem of poverty in Canada.

The fact that 45% of all heads of poor families of labour force age worked full-time leads us to believe that there are some major problems with the wage structure in Canada if it cannot provide non-poverty wages to such a large group.

Unemployment also affects levels of poverty by cutting off an individual's access to steady income. It is apparent that income security measures in Canada for providing income continuity for the unemployed between jobs are not sufficient. Unemployment and low wage pay are of a kind. They are often found together and act jointly to reinforce the income difficulties that create poverty.

We believe these two conditions, low pay and unemployment, are best understood not as characteristics of people but rather as characteristics of jobs. Further research is required on how the structure of the labour market affects levels of poverty. The problem seems to rest in the fact that not only are there not a sufficient number of jobs in the Canadian economy for all the people that need them but also that the Canadian economy has failed to create a sufficient number of adequately paying jobs.

This research provides some evidence that there are "institutional" factors in the labour market that create the conditions for poverty. Discrimination on the basis of sex and age, a rigidly structured hierarchy of occupations, job instability and job shortages are all factors that are critical to an understanding of the causes of poverty in Canada today.

IV THEORETICAL PERSPECTIVES

Having identified the labour market as an essential focus for the analysis of poverty, it remains to outline various theoretical perspectives on this relationship. There are several competing views of how the labour market operates. Each produces its own set of policies to combat poverty. But since the development of policy is only as good as the theory that informs this policy making, it is essential to assess critically the theory that underlies Canadian social policy.

a) Orthodox Theories of the Labour Market

Orthodox economic theory forms the backbone of labour market theory in Canada. From the orthodox or classical economic perspective the labour market is seen as a single system in equilibrium. Workers with the same training, experience or ability would receive the same wages. The competitive marketplace would restore any imbalances or inequities in wages automatically.

The orthodox perspective places emphasis on the personal characteristics of workers to explain differences in income earned by workers. Workers are ranked by employers according to their potential net productivity or desirability. This ranking is the "labour market queue" and is the major income distributive mechanism in society. If an individual's income is too low, his or her productivity must be too low. Thus, income can be increased only if the productivity of the individual is raised.

Low wage earners are viewed as having low skills, and limited natural abilities, intelligence, education and motivation. Such deprivation is seen as being within the control of individual workers who are assumed to have a variety of choices open to them from birth. Some freely select options that increase their "human capital" while others choose not to make these investments in their future. The poverty of individuals then can be interpreted as caused by the poor choices they have made and not by characteristic of the employment system.

Orthodox perspectives do recognize "imperfections" in the labour market. For example, discrimination on the basis of sex or race, or institutional factors such as the presence of unions distort the pure competitive model of the market. These phonemena are viewed as irregularities or anomalies and are not an inherent feature of the labour market. Such imperfections which prevent workers from realizing their full productivity can be overcome by making adjustments to the price parameters to which both workers and employers respond. For example, if the wages paid to certain workers are too high relative to other workers who have been excluded their employers will begin recruiting workers from the group who have experienced discrimination and equilibrium will be restored.

Traditional economists who assume that men and women are rational beings have not been overly concerned with explaining why some workers act in ways that appear to do little to maximize their utility. Why don't all workers exhibit the "good work habits" that employers desire or have sufficient motivation to acquire the skill that would lead to better paying jobs? The answers to such questions have been lumped together by orthodox economists under the heading of "tastes" and left to other social scientists to explain. A number of sociologists and anthropologists have picked up the thread left by these traditional economists and have advanced theories that attempt to explain deprivation through cultural variables.

From this perspective, poverty is represented as a way of life that encompasses family structure, interpersonal relations, time orientations, value systems, spending patterns, community ties, and relationships to the world of work. The poor are viewed as a distinct group from the non-poor. They have different characteristics and different values and these perpetuate themselves over time.

This sub-culture of poverty/cycle of deprivation thesis can be criticized on a number of grounds. It might be worth noting that a careful review of empirical data on poverty does not support the contention that the poor are substantially different from the non-poor. For example, as we have

found, many of the poor are in regular employment just as are the non-poor, the poor have similar levels of educational attainment, and the poor are a hetergeneous grouping including single parent families, husband-wife families, students and the old and the disabled.

The poor and non-poor cannot be neatly divided along the lines of culture or personal characteristics as the orthodox interpretation of poverty would suggest. Most importantly, orthodox theory has no adequate explanation for the large wage gap between men and women even when all other personal variations are taken into account.

The orthodox perspective provides an elaborate theory of what workers supply - sotcks of "human capital". It provides little insight into the dynamics of labour demand: the characteristics of jobs and markets, the scale of employer operations and the historical development of the occupational class structure. The underlying value perspective of orthodox theory views these institutional factors as constant and therefore it concentrates its attention on the choices made by individuals in relation to education, training and mobility.[36]

Notwithstanding these difficulties, the orthodox model of the labour market informs most anti-poverty policy making in Canada today. Following from the orthodox view of poverty, emphasis is placed on increasing the individual worker's productivity through increasing the worker's human capital. Since it is assumed that low wage workers are not worth more to employers than what they receive, the solution rests in providing them educational upgrading, skill training and other means by which their productivity can be increased. Attention has been increasingly directed at the perceived problem of "mismatches" in the supply and demand for labour or the problem of high unemployment among a relatively well educated work-force co-existing with a serious shortage of workers with specific industrial skills. The problem of mismatching has also been dealt

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[36] Townsend, op.cit. p. 75.

with by recommendations aimed at improving the job search techniques of workers, increasing information about available workers and job vacancies, and encouraging geographic mobility.

If workers have needed skills and are "in the right place at the right time" but low wages and unemployment persist, traditional economists look to industrial inefficiency and insufficient demand as the sources of labour market difficulties. Remedies for industrial inefficiency, which limits worker productivity and hence wage rates have included programs designed to encourage modernization and technological sophistication. Demand for labour can be stimulated in several ways using a range of fiscal and monetary tools (e.g. increased government spending, lower taxes and interest rates).

Low income families who depend upon government transfer payments for all or part of their income present traditional economists with a policy dilemma. On the one hand, a policy of adequate income support to non-earners seems necessary on humanitarian grounds. On the other hand, such payments must be kept very low or, it is believed, they will act as a work disincentive. This dilemma arises from the perception of work as an activity in which people do not willingly engage: wage labour apparently is only tolerable as a means to the end of having enough money to live above a subsistence level. Thus, if people are able to live comfortably on generous income support payments, they would not be maximizing their utility by working for the same or slightly more income.

This policy dilemma has been "solved" in a number of ways. One approach has been to represent the poor as a group that is mainly composed of people who cannot work and who therefore deserve a social largesse (e.g. the aged, the handicapped, widows and deserted wives and deserted wives with young children and the sick). Alternatively, emphasis may be placed on designing specific strategies aimed at reducing the income support payments of "employables", for example, through tightening up eligibility for unemployment insurance benefits, or by placing these people in jobs either through a system of "work incentives" or by compulsion.

The "sub-culture of poverty" thesis which is a variation of the orthodox approach seems to provide a more sympathetic or understanding view of the poor, but does not discourage the conclusion that poverty is the fault of individuals, families and background, rather than of society itself. It has not led policy-makers to a specific focus on ways to remedy the labour market difficulties of the poor. Instead, this theory has been responsible in part for policies and programs that encompass the delivery of counselling services to the poor (e.g. through social work and community psychiatry). Such policies appear to be aimed at helping the poor to cope with their circumstances, for example, by learning to budget limited incomes and to control their deviant behaviours such as alcoholism and family violence, if not to better their situation.

Another policy thrust that expresses "the sub-culture of poverty" thesis has been a focus on altering environmental variables that appear to reinforce a cycle of deprivation. This includes attempts to improve the housing conditions of the poor such as slum clearance, "suburbanization" of the poor and housing developments that contain a mix of income groups. It includes the improvement of educational opportunities for the poor and the provision of special education services. It also includes efforts at community development and specific area improvements. Deprivation from this point of view is treated as a residual personal, family, or community phenomenon rather than a structural phenomenon characteristic of the market economy.

b) Segmentation/Dual Labour Market Theories of Poverty

Another view of poverty and the labour market starts from a position that is strongly critical of the orthodox model. It sees the labour market as segmented along occupational and industrial lines. From this perspective competition in the labour market is limited by the institutional character of the economy. The existence of unions, large corporations, and industries that operate within an oligopolistic or monopolistic context along with the existence of small employers, non-union workers and marginal industries creates

a great deal of variation in the labour market. Often it is suggested that there are internal labour markets which function in a way that are effectively isolated from the outside labour market. These internal labour markets may operate within industries or within single occupations. Many jobs are not subject to external competition. They are arranged in a hierarchy with entry limited to the bottom while at the top entry is facilitated through promotion.

If orthodox theory and its variant, "the sub-culture of poverty" theory, share an emphasis on the personal characteristics of the poor which are believed to act as handicaps in the competition for jobs, segmentation theory is distinguished by its emphasis on the characteristics of the demand for labour, rather than those that describe the supply of labour. Segmentation theorists view low wages, job instability and therefore poverty, as the product of an employment system that allocates certain workers to undesirable jobs and functions to prevent these workers from moving into more remunerative positions. The problem, then, is understood as stemming from the existence of "bad jobs", not "bad workers".

Sometimes the concept of a dual labour market is used to describe the most important form of segmentation. Jobs, according to dual labour market theorists, can be classified as either primary (i.e. good) or secondary (i.e. bad) jobs depending upon their characteristics. Primary jobs are said to be characterized by high wages, good working conditions, stability of employment, chances for advancement, and due process in the administration of work rules. Secondary sector jobs are said to be characterized by low wages and poor fringe benefits, poor working conditions, high labour turnover, little chance for advancement, and arbitrary and capricious supervision.

The primary and secondary job markets are viewed as two distinct worlds between which there is little worker mobility. Secondary sector workers are essentially trapped and frozen out of the primary sector due to a range of barriers, for example, discrimination on the basis of race and sex, limited "ports of entry" into the primary sector, institutional restrictions such as licensing requirements, and the simple lack of good jobs. Far less

emphasis is placed on the worker's own lack of human capital as a reason for their confinement to the secondary sector.

Since low wages, unemployment and poverty are seen as arising from the nature of jobs rather than the nature of workers, policy proposals, from the segmentation/dual labour market perspective, attempt to influence the quality of jobs and the poor people's access to good jobs. Dual labour market theorists recognize that workers may lack skills or human capital but since this disadvantage is not thought to be of major importance, programs aimed at training, mobility and job information are not regarded as very useful. Macro-economic policies designed to stimulate aggregate demand are also thought to be of limited value to the poor. Such policies may help to cure unemployment in the primary sector, but do not necessarily address problems in the secondary sector where unemployment is not only due to shortage of jobs but may be attributed to high turnover created by job dissatisfaction.

Aggregate demand policies do have a role to play, but only if barriers such as sex and race discrimination are removed and if employers do not attempt to meet their expanded work-force requirements by creating more secondary jobs (e.g. part-time work) or by sub-contracting work. Moreover, economic stimulation would have to be long term so that disadvantaged workers entering the primary sector are not laid off as a result of their lack of seniority in the event of an economic downturn.

The principal policy approach advocated by dual labour market theorists is, however, job restructuring. Job restructuring is a process whereby existing secondary sector jobs are eliminated or modified so that they have the characteristics of primary sector employment (e.g. job security, good wages and fringe benefits, opportunities for on-the-job training and advancement). Unfortunately, dual labour market theorists have been very vague about how governments could bring about job restructuring or how the private sector could be induced or persuaded to upgrade secondary jobs. One lever which has been identified is the minimum wage. Dual labour market theorists advocate higher minimum wage levels on the grounds that employers would be forced to make better use of their work forces and thus job restructuring would follow.

Job creation through expanding public sector employment is another strategy advocated by some dual labour market theorists. Public sector employment is seen as being an integral part of the economy and one where social objectives can be reasonably advanced. Public sector employment appears to be viewed both as a source of long term employment for the poor as well as an opportunity for secondary sector workers to be exposed to the work socialization process that renders primary workers attractive to employers. Again, however, for public sector employment to fulfill these functions, ancillary programs to alleviate discrimination must be implemented (e.g. hiring quotas, affirmative action programs, equal pay for work of equal value programs and legislation).

Once job restructuring has taken place on a sufficiently large scale, the work/welfare cycle, in which the dualists claim nearly all welfare recipients are trapped, would no longer be widespread since dependency on government assistance would be replaced by employment in secure, satisfying and remunerative jobs.

The weakness of the dual labour market theory is its simplification of a complex labour market reality. This reality does not always fit the hypothesized duality of the labour market. For example, there are many low paying jobs with a high degree of stability such as clerical jobs in the public sector, and high paying jobs that are unstable, such as construction jobs. Dual labour market theory does not fit well with the realities of the occupational class structure.

The value of the segmentation/dual labour market theory is precisely in its focus on the demand side of the labour market equation. This is a welcome departure from most of traditional economic theory that concentrates too much on the personal characteristics of the poor in its explanation of poverty. The problems of low pay and unemployment are clearly related to the particular nature of and fluctuations in the demand for labour by employers specifically and the economy in general. From this perspective the poor, the low paid and the unemployed constitute a "reserve army" of labour for the market to be used when necessary and when not needed to be discarded into the welfare or income support system to wait until their labour is again needed.

Finally, the presence of large power blocs, effectively administered prices such as in the auto industry, and significant rate intervention in the economy suggest that the segmentation/dual labour market perspective has a more realistic understanding of the dynamics of the modern economy.

V) SUMMARY, CONCLUSIONS, AND POLICY IMPLICATIONS

Almost one quarter of families and individuals in Canada are poor. A central issue in the analysis of poverty is the extent to which problems of the labour market account for low incomes. Most research on poverty in Canada has tended to describe the characteristics of poor people and to infer from these characteristics the causes of poverty. As a result, emphasis has been placed on the personal factors of poor people to explain poverty rather than on the characteristics of jobs or the structure of employment that determine the distribution of rewards in society. This difference in emphasis is the product of differences in methods used to study poverty. The difference in methods can in turn be linked to differences in theoretical perspectives on poverty and on its relationship to the labour market.

Important methodological concerns include the choice of how to define poverty, how labour market attachment is defined, who should be included in the sample, and the time period over which labour market attachment is measured. The data we use are from the micro data tape of the Statistics Canada 1978 Survey of Consumer Finances (economic families) for the year 1977. The survey consists of a sample of 37,109 Canadian families and individuals. Rural areas and centres with less than 100 population have been excluded from the sample for our analysis. The measure of poverty used is the Social Planning Council of Metropolitan Toronto's Guides for Family Budgeting adjusted for size of area of residence.

A profile of poverty in urban Canada reveals 1.6 million poor family units below the SPC adequacy line compared to 1.2 million if the Statistics Canada Low Income Cut-off is used. Thirty-five percent of the urban poor or 562,980 family units reside in urban Ontario. The 1.6 million poor family units constitute 24% of all family units in urban Canada (Figure I). Of these 1.6 million poor family units, 63% or one million have heads who are under 65 years old. These one million families have members who are, or are potentially, members of Canada's labour force. They are the labour force poor.

More than 70% of the working poor have some earnings from employment. Over half of the working poor receive more than 60% of their total family income from employment. An analysis of the poor and non-poor by where they receive their income shows that they differ in only one respect, income from employment. The average amount of income from earnings reported by the poor who had earnings from employment was $4,118. compared to $20,012. for the non-poor.

Figure I provides a summary profile of the population in poverty in urban Canada and their relationship to the labour market. Forty-four percent of the heads of family units in the labour force poor population worked for the full year (50-52 weeks); in 1977 25.6% worked for part of the year (1-49 weeks); and 30.1% did not work at all. Forty-five percent of poor family units are unattached individuals; 24.8% are husband-wife families with dependent children; 18.9% are single parents; and 11.4% are all other families.

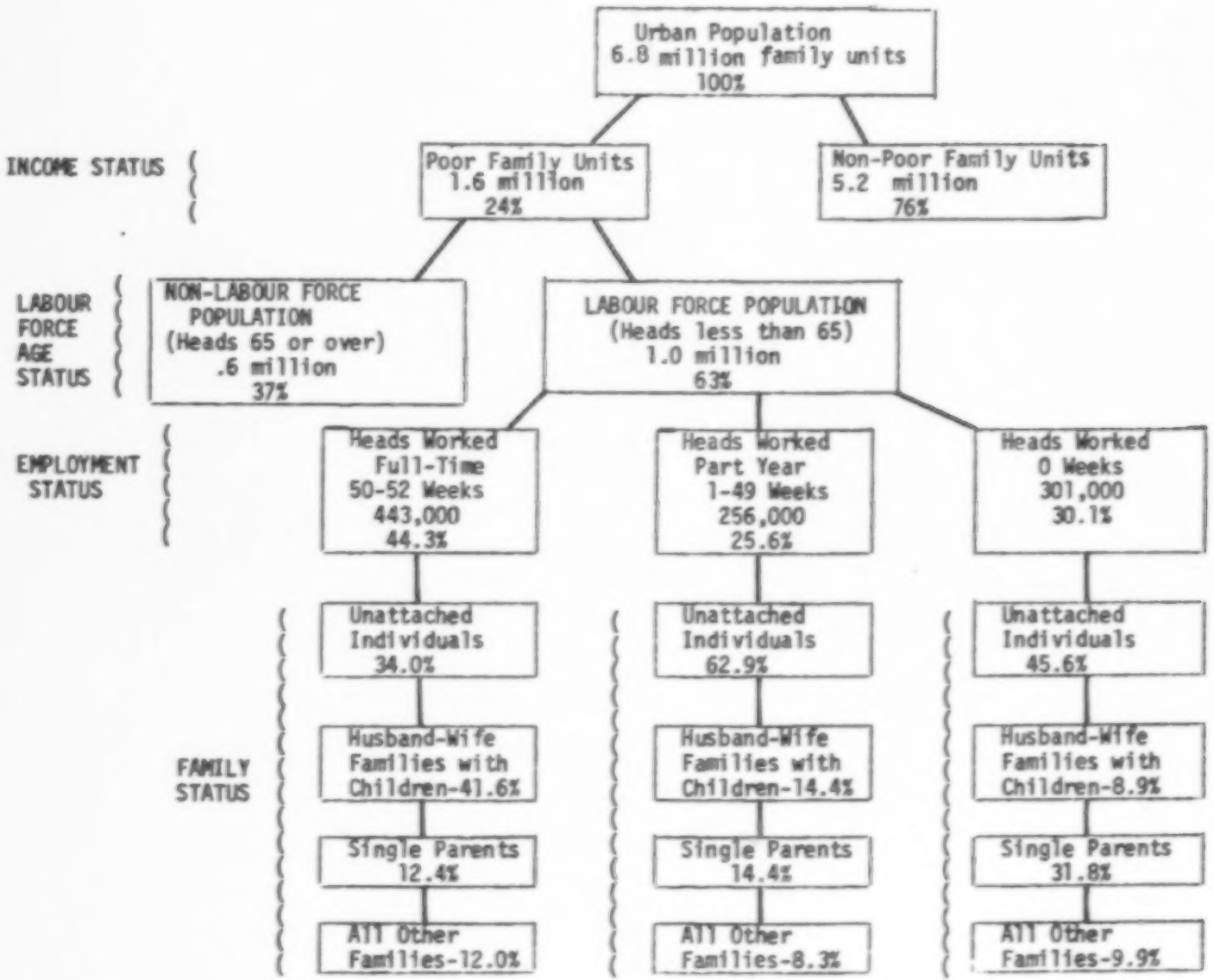
The majority (62.9%) of those poor heads who worked between 1 and 49 weeks were unattached individuals. While many of these were students who would ultimately escape poverty by finding employment, many are also people who suffer from the vagaries of unstable labour markets.

Forty-six percent of those poor heads who didn't work at all were unattached individuals. Another 31.8% were single parents, the vast majority of whom are women. Both of these groups did not work during the year of the survey but it does not mean that they are necessarily all employable or not having difficulty with the labour market. Almost half of those who worked between 1 and 49 weeks reported that when they were not in the labour force they were in school. Most of those who did not work at all reported that they were sick, disabled, or they kept house while not in the labour force.

The employability of these groups is difficult to determine with existing data. If we assume the unemployability of only the sick and disabled and students at school, 80% of heads of poor family units can be considered employable. Their employability however, could only be facilitated with an economy operating at full employment and with adequate support services such as child care, training programs, and working arrangements with flexible hours.

Figure I

A Profile of Poverty and the Labour Market in Canada



These data suggest that labour force participation of the poor under the normal retirement age is more the rule than the exception. Any understanding of poverty, therefore, might best focus its attention on understanding the operation of the labour market. The data also tell us that the poor are not a homogeneous group. They are people who are sick and disabled, the low paid, and students; they are two parent families who have children and both work either full-time or part of the year. They are single parent families who both work and do not work; and they are other kinds of families, many of which have heads who work full-time. Although the poor have higher proportions of unattached individuals and single parents than the non-poor, the poor and non-poor do not easily divide into discrete groups with different characteristics.

An analysis of the personal characteristics of heads of poor family units show them to be younger, less well educated, and disproportionately female. One third of all female headed family units are poor compared to only 12% of male headed family units. Almost half of all poor family units are headed by women.

While youth, the less educated, and females tend to be over-represented in the population in poverty, there are a sufficient number of these among the non-poor to suggest that poor/non-poor distinction by personal characteristics cannot be made so decisively. Sex, age, and education are often used as artificial characteristics that serve to relegate women, young people, and the less well educated to marginal jobs. But their poverty is a product not of their personal characteristics but of a society that has failed to provide enough adequate jobs for everyone who needs one.

Some evidence is provided of how poverty for larger families is related to the fact that there are too few earners, often at wages that are not sufficient to support a large number of dependents. However, there is also evidence that even with more than one earner, many families cannot achieve a non-poverty level income.

The presence of children in husband-wife families, particularly young children, affects the employment patterns of women in these families. These patterns in turn have an influence on the level of income of the family. A significantly greater proportion of poor husband-wife and single mother families than similar non-poor families have pre-school age children. Also a significantly greater proportion of wives in non-poor husband-wife families worked outside the home compared to poor husband-wife families. Wives in these families are more likely to not work outside the home when there are more than two children in the family.

In Canada those concerned about the labour market relatedness of poverty have tended to advocate income supplementation programs for the working poor. Usually these are programs where a supplement is provided to a family that works at a wage too low to raise the family income above poverty, as a short term measure to reduce poverty. In the long run such a strategy may prove costly. Most importantly this approach ignores any effort to restructure the wage system or the occupational hierarchy. Presumably the latter is viewed as politically not feasible and as a result it concentrates on the politically feasible option of increasing the scope of the welfare state. This strategy may also be limited in the wake of government expenditure restraint and shifting economic priorities.

There is also evidence that unemployment is associated with poverty. We found that over 40% of poor family units had at least one member experience unemployment compared to 21.5% of non-poor family units. The difference between poor and non-poor family unit heads in this respect is even more striking. Close to 40% of heads of poor family units experienced some unemployment compared to only 9.2% of non-poor heads of family units. Over 90% of the unemployment experienced in poor family units was experienced by family unit heads. An analysis of the frequency and duration of unemployment found a relationship between longer periods of unemployment and more frequent spells of unemployment and poverty. Unemployment was found to be more heavily concentrated in clerical, construction, and resource industry related occupations.

A look at the variables that affect people's access and adequacy to earned income reveals important relationships for an understanding of the causes of poverty. When the poor and non-poor who work are compared, low wages stands out as the striking difference between the two groups; 81% of poor family heads who worked full time had estimated wages of less than $200. a week compared to only 17% of heads of non-poor families.

Some analysts would argue that the difference in wage levels is a function of differences in human capital (i.e. skill, education, experience) between those making high and low wages. However, these data reveal that except for the university educated groups there are no differences in education on the average between those making high and low wages.

Sex on the other hand is an important factor. Almost 50% of female family unit heads are in the lowest wage category compared to 32.6% of male family unit heads. This finding has been verified in other studies. When education and work experience variables are controlled, there remains a significant wage gap between men's and women's wages. Our data also show that women on the whole are more highly educated than men.

Age is highly related to wage levels. Young people who are heads of families tend to be concentrated in the low wage categories.

Occupational differences are also important. Thirty-seven percent of poor family unit heads worked in clerical and sales occupations compared to only 22% for the non-poor. For family unit heads who worked mostly part-time this tendency is exacerbated. Over 58% of poor family unit heads who worked mostly part-time were in clerical or sales occupations compared to 40% of non-poor heads. These occupations have very high concentrations of women, and they are growing the fastest in the economy at this time.

The two conditions of low pay and unemployment are best understood not as characteristics of individuals but as characteristics of jobs. Further research is required on how the structure of the labour market affects levels of

poverty. These data provide some evidence that further research and policy should concentrate on those "institutional" factors in the labour market that create the conditions of poverty. These include discrimination on the basis of sex and age, a rigidly structured hierarchy of occupations, job instability and job shortages. All these are critical to an understanding of poverty in Canada today.

Since the development of policy is only as good as the theory that informs this policy making, it is important to assess the adequacy of labour market theory in Canada today.

Orthodox economic theory forms the backbone of labour market theory in Canadian policy making. This perspective has focussed on the personal characteristic of workers in explaining low income. The "labour market queue" in which workers are ranked by employers according to their assumed potential net productivity or desirability is seen as the major distributive mechanism of income and wealth. An individual's income is too low if his or her net productivity is too low from this perspective and thus income can be increased only if productivity is raised. Low wage earners are seen as having low motivation and limited natural abilities, intelligence, and are poor as a result of their failure to accumulate "human capital" through education and training. While imperfections in the market are acknowledged, factors such as discrimination are viewed as anomalies that ultimately can be changed through the price structure.

Policy implications of this model place emphasis on increasing the individual worker's productivity through increasing his or her human capital potential. Attention is given to the problems of mismatch in the supply and demand for labour. Orthodox economic interpretations of poverty favour policies that provide educational upgrading, skill training, improved job search, increasing information provided to job seekers, and encouraging geographic mobility. A variety of fiscal and monetary tools to increase the demand for labour and to increase productivity are also supported.

The need for income support for low income families presents some difficulties for orthodox economics since government supported income payments seem to be a "disincentive" to work. They are justified, however, on humanitarian grounds and emphasis is placed on the "unemployability" of the poor. Specific strategies are then aimed at reducing income support for the "employable" poor.

A variation on the orthodox model is the "sub-culture of poverty" theory of poverty. This theory views poverty as a cycle of deprivation passed down from generation to generation. The poor are viewed as a culture distinct from the non-poor. Low income earners and marginal labour force participants are therefore not to blame personally for their situation. The blame rests with the deprived cultural environment in which they are socialized.

Policy makers influenced by this view have focussed on alleviating environmental conditions that appear to reinforce the "cycle of deprivation". Their programs include suburbanization of the poor, mixed housing developments, improved educational opportunities and special education.

The strength of the orthodox theory is the elaboration of a theory of what workers supply to the economy - "human capital". Its weakness is that it provides little insight into the dynamics of labour demand that shape the supply - the characteristics of jobs and markets, the character of employer management, and the historical development of the occupational class structure. It also has no adequate explanation of the large wage gap between men and women. Perhaps its greatest weakness is in its simplistic belief in the purity of a market that does not presently exist — if ever it did.

Another view of poverty and the labour market starts from a position that is strongly critical of the orthodox model. Segmentation theory can be distinguished from orthodox theory by its focus on the characteristics of the demand for labour rather than on those that describe the supply. Segmentation theorists view wages and job instability as the product of an employment system that allocates certain workers to undesirable jobs and functions in a manner that prevents these workers from moving into more remunerative positions. Barriers

include discrimination and a rigidly structured job hierarchy with a continuum of jobs from good to bad. From this perspective, competition in the labour market is limited by the institutional character of the economy: the existence of unions, oligopolistic and monopolistic control of markets by large corporations that lead to administered prices, and large scale government intervention. Poverty then is understood as an institutional problem that stems from the characteristics of the labour market and not from the personal characteristics of the poor.

A variation of segmentation theory is the dual labour market theory. According to dual labour market theory jobs fall roughly into two categories: primary and secondary. Primary jobs have relatively high wages, good working conditions, stability of employment, promotional possibilities and due process in the administration of work rules. Secondary jobs have relatively low wages, poor fringe benefits, poor working conditions, high turnover, poor advancement opportunities, and arbitrary supervision. These two labour markets are viewed as distinct entities between which there is little mobility.

Patterns of frequent job changing and unemployment that create poverty are conceived as one aspect of a larger "peripheral" economy that consists of four parts; a secondary labour market, the welfare and income support caseload, the population in training and education, and the irregular or criminal economy. Secondary workers, the poor, are assumed to move in and out of these four segments frequently, depending upon the particular configuration of the demand for labour.

Because the dual labour market/segmentation theories place emphasis on interpreting poverty as a result of labour market difficulties, policies that flow from this perspective attempt to influence the quality of jobs and to remove institutional barriers that prevent members of the peripheral economy from acquiring primary sector jobs. Job restructuring has been advocated by dual labour market/segmentation theorists as a way of improving the structure of employment opportunities that allocate labour to desirable and undesirable situations. A chief policy instrument for this restructuring is seen as improvements in the minimum wage. Job creation through public sector expansion is also viewed as an important strategy for increasing the stock of good jobs. Finally a range of programs such as equal pay for work of equal value, affirmative hiring programs and anti-discrimination legislation are advocated on the grounds that barriers in the labour market need to be improved.

The weakness of the dual labour market theory is its simplification of an often complex labour market reality. The value of dual labour market and segmentation theory is its focus on the demand side of labour market equation. Segmentation theories also have a more realistic interpretation of the dynamics of the modern market economy.

This study has found that low wages, occupational segregation and job instability emerge as important considerations for any understanding of poverty in Canada today. Research on poverty has not adequately addressed these problems of the employment system. The theories of poverty and the labour market that underly this research have emphasized the unemployability of the poor and the differences in personal characteristics between the poor and non-poor. The policies to combat poverty that have been informed by this theory and research have not emphasized the link between the labour market and poverty.

This research emphasizes the employability of the poor. It sees all of the poor as workers who are on a continuum from those who work the full year to those who do not work at all. There are very few people who are actually unemployable. These are the sick and the disabled and students. But even with these groups employability is a relative notion that shifts with the availability of employment opportunities and the willingness of society to provide special opportunities to those who are excluded. It suggests that theory, research and policy that concentrates on the demand side of the labour market equation would be a better way of understanding and acting on the problem of poverty. And it outlines at least one body of theory that sees the need to restructure the labour market.

There is a need to emphasize those policy issues which have the potential of restructuring the labour market to provide more and better jobs for people. This might include improvement of minimum wage laws, restructuring industry to create higher paying jobs, anti-discrimination legislation, equal opportunity programming, legislation and programs to prevent layoffs, and a commitment to the achievement of full employment where not only primary wage earners work but where other potential family earners also have access to employment opportunities. The fight against poverty has to be a fight against unemployment and low wages. Full employment is the essential precondition for the achievement of this social policy objective.

This does not preclude the necessity or desirability of improvements to the income security system as an anti-poverty measure. Labour market reconstructuring is a multi-faceted policy that, even with an immediate commitment, would be realized only in the long term. The short term needs of the poor for income cannot always wait for long term policies to take effect. It is essential that improvements be made to those programs that provide support to the poor who, for one reason or another, find themselves not working the full year or not working at all, or working full-time but at wages so low that they are poor.

APPENDIX 1

Social Planning Council Measures of Adequacy

Most studies in Canada have used Statistics Canada's low income cutoffs (LICOs) to measure poverty. For reasons explained in the text of this report, an alternative set of low income cutoffs were calculated from the Social Planning Council's Guides for Family Budgeting. The Social Planning Council's estimates of income requirements are based on the costs of a range of goods and services which encompass family expenditures for food, shelter, clothing, household furniture/equipment and operation, health and personal care, recreation, communication, transportation, and school needs. Allowances are also made for a small contingency fund, insurance and income taxes.

The costs for each component of the budget are calculated by pricing lists of items in each category. For example, clothing inventories for adults and children of different ages are prepared to determine the total cost of family clothing. (Where items can be expected to last for more than one year, replacement rates are used to calculate annual costs.) The lists of items included in each budgetary component are determined by technical committees composed of experts and specialists in various areas of family functioning, for example, nutritionists, home economists, social workers, and housing and recreation consultants. Input is also received from specialists in consumer spending patterns such as store buyers and manufacturers. The lists of items are priced by SPC staff, who select items in the low to moderate price range. Further details about the budget guides' methodology and complete lists of all items included in the calculation of income requirements for 1977 are contained in the SPC publication, Guides for Family Budgeting, 1976.

SPC's budget guides allow for a standard of living that goes beyond mere subsistence. For example, social needs such as recreation are taken into account in addition to physiological needs. As well, the budget guides attempt to reflect current community attitudes about acceptable standards of living. To illustrate, budget allocations for housing are not calculated on the basis of the lowest possible rents since units in the absolute bottom price range

are generally "substandard" in that they do not meet local housing by-laws and have deficiencies that would be judged by most people in the community as intolerable. The budget guides estimated income requirements, then, do not represent a level of living where families are just surviving but are designed to reflect a very modest, but "adequate", standard of living. As such, the income requirements from SPC's budget guides can be referred to as "adequacy lines" in contrast to other poverty or subsistence lines which specify incomes that would not allow families to purchase many goods and services taken for granted by the rest of society.

The budget guides do not contain cost of living estimates which can be readily compared to other low income cutoffs such as the poverty lines from Statistics Canada. In order to derive a comparable set of low income cutoffs from the budget guides, two problems had to be overcome.

1. The budget guides specify the costs of necessary goods and services by family size, age and sex of family members, and employment status/activity levels of adults. As a result, several adequacy lines could be derived for each family size (i.e. one person, two person, three person, etc.) depending upon the assumptions that are made about family characteristics. For example, the adequacy line for a four person family made up of two employed adults and two teenaged children would be somewhat higher than the cost of living estimate for a family of four made up of an employed man, a woman who does not work outside the home, and two pre-school children. In contrast, Statistics Canada's LICOs only distinguish families by number of persons and do not take family differences into account.

2. The budget guides are based on the price of goods and services in Toronto. Statistics Canada's LICOs are derived from national level data and are distinguished by size of area of residence to reflect differences in the cost of living between large cities and smaller centres and rural areas. The application of adequacy lines derived from Toronto data is a questionable procedure in light of the fact that the income required to achieve the level of living represented in the budget guides would vary considerably depending upon place of residence.

Neither of the foregoing difficulties can be overcome in ways that are entirely satisfactory. However, certain adjustments can be made with a fair degree of confidence that adequacy lines from SPC's budget guides are no less valid methodologically than Statistics Canada's LICOs. The way in which adequacy lines were calculated from SPC's budget guides in a form comparable to Statistics Canada's LICOs is described below.

Calculation of Social Planning Council Adequacy Lines

The problem of obtaining one set of adequacy lines only distinguished by number of persons per family necessitated calculating average income estimates. Average income estimates were obtained by calculating the minimum and maximum income requirements for each family size. The minimum and maximum figures were derived by setting up hypothetical, but plausible families and varying those characteristics that involve additional expenses. For example, costs for clothing, food and school needs steadily rise as the age of children is increased. Thus, to calculate minimum expenditures, very young children were specified since they involve the lowest expenditures. To determine maximum expenditures, children in the older age categories were specified.

Table 1 outlines those family structures associated with minimum and maximum income requirements for each size of family. The income requirements were calculated from 1976 cost figures which were updated to 1977 using the disaggregated Consumer Price Index. The complete budgets for each family are included at the end of this Appendix.

In calculating minimum and maximum income requirements, adjustments were made for health costs, income taxes and payments to social and other security plans. Costs for Ontario Health Insurance Plan premiums were excluded since few provinces in Canada have comparable programs. Moreover, in places where premiums are collected, they are often paid by employers and through social assistance provisions.

Adjustments for income taxes were only made in calculating maximum income requirements. It was assumed that families with mimimum income requirements would pay little, if any income taxes since no members were specified as being employed. The calculation of income taxes is, however, not an easy task particularly where more than one family member has earnings. Rather than preparing hypothetical income tax statements for each family with maximum income requirements, the probable amount of income taxes that the families would pay were estimated using data on average taxes paid by different income groups. These data are available from Statistics Canada's Survey of Urban Family Expenditure.

"Security" payments were also calculated using data from the Survey of Urban Family Expenditure. This expenditure category includes disbursements on life insurance, social security, public and private pension plans and similar items. Again, these figures were only applied in calculating maximum income requirements since, aside from life insurance, "security" payments are usually employment related. For families with minimum income requirements an allowance was made for life insurance with the addition of 1% of total income.

Another set of calculations was necessary to obtain adequacy lines that take into account differences in cost of living by size of area of residence. Sets of adequacy lines which correspond to Statistics Canada's LICOs were calculated by assuming that the adequacy lines from SPC's budget guides for Toronto correspond to Statistics Canada's LICOs for places with

Table 1: Minimum and Maximum Income Requirements by Family Size and Structure

FAMILY SIZE	FAMILY STRUCTURE			
Number of Persons	Family Structure Associated with Minimum Required Income	Minimum Required Income ($)	Family Structure Associated with Maximum Required Income	Maximum Required Income ($)
1	Women, Not Employed	5247.	Man, Employed, Heavy Activity	6108.
2	Woman, Not Employed Child, 1-2 years	6554.	Man, Employed, Heavy Activity Woman, Employed, Heavy Activity	9670.
3	Woman, Not Employed Child, 1-2 years Child, 2-3 years	7841.	Man, Employed, Heavy Activity Woman, Employed, Heavy Activity Child, 16-18 years, boy	12687.
4	Woman, Not Employed Child, 1-2 years Child, 2-3 years Child, 4 years	9042.	Man, Employed, Heavy Activity Woman, Employed, Heavy Activity Child, 16-18 years, boy Child, 16-18 years, boy	16066.
5	Woman, Not Employed Child, 1-2 years Child, 2-3 years Child, 4 years Child, 6 years boy	9959.	Man, Employed, Heavy Activity Woman, Employed, Heavy Activity Child, 16-18 years, boy Child, 16-18 years, boy Child, 15 years, boy	17788.
6	Woman, Not Employed Child, 1-2 years Child, 2-3 years Child, 4 years Child, 6 years boy Child, 7 years boy	10725.	Man, Employed, Heavy Activity Woman, Employed, Heavy Activity Child, 16-18 years, boy Child, 16-18 years, boy Child, 15 years, boy Child, 14 years, boy	20851.
7	Woman, Not Employed Child, 1-2 years Child, 2-3 years Child, 4 years Child, 6 years, boy Child, 7 years, boy Child, 8-9 years, boy	12581.	Man, Employed, Heavy Activity Woman, Employed Heavy Activity Child, 16-18 years, boy Child, 16-18 years, boy Child, 15 years, boy Child, 14 years, boy Child, 13 years, boy	21730.

500,000 population and over. The adequacy lines for Toronto were then decreased by the same percentage in which Statistics Canada's LICOs decline in moving down the scale of place sizes. For example, Statistics Canada's LICO for a one person family declines by 6.8% between places with 500,000 population and over and places with 100,000 - 499,999 population. In order to obtain adequacy lines for places with 100,000 - 499,999 population, the adequacy lines generated from SPC's budget guides resulted in figures that are approximately 25 to 30% higher than Statistics Canada's LICOs in all family size and place of residence categories.

One final adjustment had to be made to yield adequacy lines that would be applicable to all areas over 100,000 population. This adjustment was necessary since data from the Survey of Consumer Finances were not coded to permit distinctions between respondents living in places over 500,000 population from those living in places in the 100,000 to 499,999 size range. Adequacy lines by family size in each of the foregoing size of place of residence were averaged using a weighting procedure to yield one set of cutoffs. Weighted averages were calculated on the assumption that approximately 60% of low income families who lived in places over 100,000 population were located in large metropolitan area, with the remaining 40% living in cities with population of 100,000 to 499,999. These proportions were selected on the basis of statistics regarding the distribution of low income families by size of place of residence available in a Statistics Canada population, Income Distribution by Size in Canada, 1977, Catalogue 13 - 207.

The complete set of adequacy lines derived from Social Planning Council's Budget Guides are shown in Table 2. The weighted averages for cities over 100,000 population are contained in Table 3.

Table 2: S.P.C. Adequacy Lines by Family Size and Size of Area of Residence, Urban Canada, 1977.

Family Size	Size of Area of Residence			
	500,000 or more	100,000-499,999	30,000-99,000	1,000-29,999
1	5,709	5,321	5,161	4,712
2	8,112	7,560	7,333	6,695
3	10,251	9,554	9,267	8,461
4	12,554	11,700	11,349	10,362
5	13,873	12,930	12,542	11,451
6	15,788	14,714	14,273	13,031
7 or more	17,156	15,989	15,418	14,077

Table 3: S.P.C. Adequacy Lines by Family Size and Size of Area of Residence, Weighted Cutoff for Cities 100,000 and over, Urban Canada, 1977.

Family Size	Size of Area of Residence		
	100,000 or more	30,000-99,999	1,000 29,999
1	5,551	5,161	4,712
2	7,893	7,333	6,695
3	9,974	9,267	8,461
4	12,215	11,349	10,362
5	13,499	12,542	11,451
6	15,362	14,273	13,031
7 or more	16,693	15,418	14,077

Maximum and Minimum Income Requirements

Family Budgets by Family Size, 1977

Minimum Income Requirements

1 Person Family:
Woman - Not Employed

Budget Guide Components	1977 Annual Cost
Food	$ 768.47
Clothing	248.38
Housing (bachelor apt.)	2,231.76
Home Furnishings and Equipment	201.10
Household Operation	119.33
Health Care	133.40
Personal Care	140.34
Recreation, Reading, Gifts and Contributions	471.46
Communications	136.76
Transportation	152.24
Alcohol	88.77
Tobacco	354.80
Special School Needs	--
Contingency Fund	144.00
Sub Total:	$ 5,190.81
Estimated Sales Tax (1.1%)	57.10
Sub Total:	$ 5,247.91
Security (1.0%)	52.48
TOTAL:	$ 5,300.39

Maximum Income Requirements

1 Person Family:
Man - Employed, Heavy Activity

Budget Guide Component	1977 Annual Cost
Food	$ 1,167.97
Clothing	282.33
Housing (bachelor apt.)	2,231.76
Home Furnishings and Equipment	201.10
Household Operation	119.33
Health Care	133.40
Personal Care	138.63
Recreation, Reading, Gifts and Contributions	471.46
Communications	136.76
Transportation	292.33
Alcohol	88.77
Tobacco	354.80
Special School Needs	--
Contingency Fund	144.00
Sub Total:	$ 5,762.64
Estimated Sales Tax (1.1%)	63.79
Sub Total:	$ 5,826.03
Personal Taxes (3.7%)	215.56
Security (1.1%)	64.09
TOTAL:	$ 6,105.68

Minimum Income Requirements

2 Person Family:
Woman - Not Employed
Child - 1 to 2 years

Budget Guide Component	1977 Annual Cost
Food	$ 1,123.18
Clothing	340.38
Housing (one bedroom apt.)	2,678.11
Home Furnishings and Equipment	249.50
Household Operation	221.95
Health Care	256.01
Personal Care	173.71
Recreation, Reading, Gifts and Contributions	499.49
Communications	136.76
Transportation	152.24
Alcohol	88.77
Tobacco	354.80
Special School Needs	--
Contingency Fund	144.00
Sub Total:	$ 6,418.90
Estimated Sales Tax (1.1%)	70.60
Sub Total:	$ 6,489.50
Security (1.0%)	64.90
TOTAL:	$ 6,554.40

Maximum Income Requirements:

2 Person Family:
Woman - Employed, Heavy Activity
Man - Employed, Heavy Activity

Budget Guide Component	1977 Annual Cost
Food	$ 1,877.97
Clothing	652.94
Housing (one bedroom apt.)	2,678.11
Home Furnishings and Equipment	249.50
Household Operation	221.95
Health Care	256.01
Personal Care	295.38
Recreation, Reading, Gifts and Contributions	736.87
Communications	169.96
Transportation	518.65
Alcohol	177.54
Special School Needs	--
Contingency Fund	144.00
Sub Total:	$ 8,288.58
Estimated Sales Tax (1.1%)	91.17
Sub Total:	$ 8,379.75
Personal Taxes (11.8%)	988.81
Security (3.6%)	301.67
TOTAL	$ 9,670.23

Minimum Income Requirements

3 Person Family:

Woman - Not Employed
Child - 1 to 2 years
Child - 2 to 3 years

Budget Guide Component	1977 Annual Cost
Food	$ 1,653.84
Clothing	453.67
Housing (2 bedroom apt.)	3,085.08
Home Furnishings and Equipment	287.83
Household Operations	229.39
Health Care	327.47
Personal Care	204.46
Recreation, Reading Gifts and Contributions	527.51
Communications	136.76
Transportation	158.94
Alcohol	88.77
Tobacco	354.80
Special School Needs	--
Contingency Fund	144.00
Sub Total:	$ 7,652.52
Estimated Sales Tax (1.1%)	84.18
Sub Total:	$ 7,736.70
Security (1.0%)	77.37
TOTAL:	$ 7,814.07

Maximum Income Requirements

3 Person Family:

Woman - Employed, Heavy Activity
Man - Employed, Heavy Activity
Child - 16-18 years, Boy

Budget Guide Component	1977 Annual Cost
Food	$ 2,808.04
Clothing	920.81
Housing (2 bedroom apt.)	3,085.08
Home Furnishings and Equipment	287.83
Household Operation	229.39
Health Care	327.47
Personal Care	424.95
Recreation, Reading, Gifts and Contributions	948.77
Communications	182.22
Transportation	720.50
Alcohol	177.54
Tobacco	309.70
Special School Needs	113.88
Contingency Fund	144.00
Sub Total:	$10,680.18
Estimated Sales Tax (1.1%)	117.48
Sub Total:	$10,797.66
Personal Taxes (13.2%)	1,425.29
Security (4.3%)	464.30
TOTAL:	$12,687.25

Minimum Income Requirements

4 Person Family:
Woman - Not Employed
Child - 1 to 2 years
Child - 2 to 3 years
Child - 4 years

Budget Guide Component	1977 Annual Cost
Food	$ 2,100.51
Clothing	443.98
Housing (3 bedroom apt.)	3,846.50
Home Furnishings and Equipment	327.23
Household Operation	233.18
Health Care	327.47
Personal Care	236.52
Recreation, Reading, Gifts and Contributions	555.54
Communications	136.76
Transportation	152.24
Alcohol	88.77
Tobacco	262.05
Special School Needs	--
Contingency Fund	144.00
Sub Total:	$ 8,854.75
Estimated Sales Tax (1.1%)	97.40
Sub Total:	$ 8,952.15
Security (1.0%)	89.52
TOTAL:	$ 9,041.67

Maximum Income Requirements

4 Person Family:

Woman - Employed, Heavy Activity
Man - Employed, Heavy Activity
Child - 16 to 18 years, Boy
Child - 16 to 18 years, Boy

Budget Guide Component	1977 Annual Cost
Food	$ 3,641.39
Clothing	1,190.07
Housing (3 bedroom apt.)	3,846.50
Home Furnishings and Equipment	327.23
Household Operation	233.18
Health Care	327.47
Personal Care	554.51
Recreation, Reading, Gifts and Contributions	1,178.59
Communications	194.47
Transportation	856.36
Alcohol	177.54
Tobacco	309.70
Special School Needs	195.80
Contingency Fund	144.00
Sub Total:	$13,176.81
Estimated Sales Tax (1.1%)	144.95
Sub Total:	$13,321.76
Personal Taxes (15.9%)	2,118.16
Security (4.7%)	626.12
TOTAL:	$16,066.04

Minimum Income Requirements:

5 Person Family:

Woman - Not Employed
Child - 1 to 2 years
Child - 2 to 3 years
Child - 4 years
Child - 6 years

Budget Guide Component	1977 Annual Cost
Food	$ 2,494.63
Clothing	678.75
Housing (3 bedroom apt.)	3,846.50
Home Furnishings and Equipment	372.08
Household Operation	249.63
Health Care	327.47
Personal Care	279.75
Recreation, Reading, Gifts and Contributions	640.49
Communications	155.98
Transportation	200.64
Alcohol	88.77
Tobacco	262.05
Special School Needs	10.85
Contingency Fund	144.00
Sub Total:	$ 9,751.69
Estimated Sales Tax (1.1%)	107.27
Sub Total:	$ 9,858.96
Security (1.0%)	98.60
TOTAL:	$ 9,957.56

Maximum Income Requirements

5 Person Family:

Woman - Employed, Heavy Activity
Man - Employed, Heavy Activity
Child - 16 to 18 years, Boy
Child - 16 to 18 years, Boy
Child - 15 years, Boy

Budget Guide Component	1977 Annual Cost
Food	$ 4,271.71
Clothing	1,457.94
Housing (3 bedroom apt.)	3,846.50
Home Furnishings and Equipment	372.08
Household Operation	249.63
Health Care	327.47
Personal Care	643.07
Recreation, Reading, Gifts and Contributions	1,313.49
Communications	206.06
Transportation	992.18
Alcohol	177.54
Tobacco	309.70
Special School Needs	277.70
Contingency Fund	144.00
Sub Total:	$14,589.07
Estimated Sales Tax (1.1%)	160.48
Sub Total:	$14,749.55
Personal Taxes (15.9%)	2,345.18
Security (4.7%)	693.23
TOTAL:	$17,787.96

Minimum Income Requirements

6 Person Family:

Woman - Not Employed
Child - 1 to 2 years
Child - 2 to 3 years
Child - 4 years
Child - 6 years
Child - 7 years

Budget Guide Component	1977 Annual Cost
Food	$ 2,919.78
Clothing	787.63
Housing	3,846.50
Home Furnishings and Equipment	417.87
Household Operation	266.60
Health Care	338.14
Personal Care	322.98
Recreation, Reading, Gifts and Contributions	725.43
Communications	164.10
Transportation	197.90
Alcohol	88.77
Tobacco	262.05
Special School Needs	21.70
Contingency Fund	144.00
Sub Total:	$10,503.45
Estimated Sales Tax (1.1%)	115.54
Sub Total:	$10,618.99
Security (1.0%)	106.19
TOTAL:	$10,725.18

Maximum Income Requirements

6 Person Family:

Woman - Employed, Heavy Activity
Man - Employed, Heavy Activity
Child - 16 to 18 years, Boy
Child - 16 to 18 years, Boy
Child - 15 years, Boy
Child - 14 years, Boy

Budget Guide Component	1977 Annual Cost
Food	$ 4,816.51
Clothing	1.616.17
Housing (4 bedroom apt.)	4,813.10
Home Furnishings and Equipment	417.87
Household Operation	266.60
Health Care	338.14
Personal Care	731.64
Recreation, Reading, Gifts and Contributions	1,448.38
Communications	217.65
Transportation	1,127.99
Alcohol	177.54
Tobacco	309.70
Special School Needs	337.68
Contingency Fund	144.00
Sub Total:	$16,780.97
Estimated Sales Tax (1.1%)	184.59
Sub Total:	$16,965.56
Personal Taxes (17.9%)	3,036.84
Security (5.0%)	848.28
TOTAL:	$20,850.68

Minimum Income Requirements

7 Person Family:

Woman - Not Employed
Child - 1 to 2 years
Child - 2 to 3 years
Child - 4 years
Child - 6 years
Child - 7 years
Child - 8 to 9 years, Boy

Budget Guide Component	1977 Annual Cost
Food	$ 3,409.83
Clothing	914.77
Housing (4 bedroom apt.)	4,831.10
Home Furnishings and Equipment	464.04
Household Operation	283.18
Health Care	338.14
Personal Care	366.21
Recreation, Reading, Gifts and Contributions	810.39
Communications	172.23
Transportation	203.98
Alcohol	88.77
Tobacco	262.05
Special School Needs	32.55
Contingency Fund	144.00
Sub Total:	$12,321.24
Estimated Sales Tax (1.1%)	135.53
Sub Total:	$12,456.77
Security (1.0%)	124.57
TOTAL:	$12,581.34

POOR

QUALITY

ORIGINAL